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RY WOOD TELLS LIAMA MEETING:

er Premium Per \$1,000 Found sistent With Industry Aims

fact that the average life insurance premium per \$1,000 has risen from \$29.90 in 1949 to \$20 in 1958 due insignificantly—if at all—due to an increase in the proportion of insurance sales but actually is the result of an achievement in providing more protection for more people. The life insurance industry should be proud of this, said Managing Director Harry Wood of LIAMA at the annual meeting of LIAMA in Montreal. There are so many reasons why the premium per \$1,000 (based on the average adult male by ordinary practice) could be a bad development if it is only natural to jump at such a conclusion without examining the facts, said Mr. Wood. It became necessary for him to examine all the facts when the question was asked, "Does a lower average premium rate affect in any way our over-all industry purpose?"

Not The Reason

Now clearly, if the increase in the proportion of term is the cause of the lower average premium, then it would be the achievement of our purpose—which is necessarily defined as "time coverage," he said. "But an increase in the proportion of term insurance is not the reason—or only an

insignificant part. The real reasons are that a much lower percentage of low-premium permanent forms are being bought than the high-premium limited pay and endowment forms; that reductions in gross premiums at most ages have been made by many companies during the years under review, and that the quantity discount practice (cheaper by the dozen) has had its effect."

Mr. Wood said that even though buyers might be buying knowledgeably, the decline in the average premium might still be wrong—in the light of the industry's main objective.

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Subcommittees To Confer Dec. 7 On Jumbo Group Limit

NEW YORK—The "high level" company group committee, headed by President Henry S. Beers of Aetna Life, and the NALU group committee, headed by David B. Flugelman, general agent here for Connecticut Mutual, held separate and joint meetings here Monday.

It was decided to hold a conference of subcommittees of the two committees Dec. 7 at New York to discuss the specific problem of personal life limits.

Neither chairman would make any statement about the scheduled conference, but the fact that the heads of the subcommittees are also the chairmen of the main committees is considered as significant, and perhaps indicative that the committees are more hopeful of a solution than they have been.

Main Target Of NALU

The problem of per-life limits has been the main focus of the NALU attack on what it has called group insurance abuses. At the national association's annual meeting in Philadelphia in September, the group committee was told of a letter from Mr. Beers which indicated a number of areas in which the committee was tentatively prepared to recommend agreement with NALU's viewpoint and certain other areas in which it was not, but the letter said the committee's feeling was that no statutory group limits should be recommended because if limits were set high enough to win the support of the entire industry they would be so large as to be almost meaningless. Also, some members of the Beers committee appeared to feel that enactment of very liberal statutory per-life limits, such as three times annual compensation, would encourage the writing of even more large-limit cases, instead of exercising any restraint, by providing group insurers and their clients with new goals to shoot for.

HEW Talk Of Review Plumley Asks Quick Of Stand On Forand Action On 5 Ills Disturbs A&S Men In Tax On Insurers

By WILLIAM MACFARLANE

Leaders in the health insurance business are disturbed over newspaper stories indicating that the administration has become less confident that it can continue to oppose Forand-type legislation providing medical and hospital care for social security beneficiaries.

As a result, they are trying to find out whether Health, Education & Welfare Secretary Flemming said, "we are reviewing our position on the basic principles embodied in such legislation as the Forand bill," and if so, what he meant by it.

Reactions to the Flemming statement vary considerably. While most leaders in the A&S industry are awaiting clarification before making any statement of their own, J. W. Joanis, vice-president and general manager of Hardware Mutual Casualty and a director of Health Insurance Assn., told THE NATIONAL UNDERWRITER that he was "definitely upset," but said that he still wanted to see if Secretary Flemming really meant what he said.

Robert R. Neal, HIA general manager, on the other hand, minimized the importance of Mr. Flemming's remark. Saying it was taken out of context, he called attention to the Wall Street Journal account which quoted

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State Mutual President Is Sole Life Man Represented In Ways-Means Compendium

WASHINGTON—Appealing to Congress to keep an open mind for the long



H. Ladd Plumley

term on the entire problem of taxing life companies, President H. Ladd Plumley of State Mutual Life has also urged prompt action "to take care of particular needs which were evidently sacrificed during the enactment period" of the 1959 life company income tax law.

Mr. Plumley's appeal is contained in a three-volume compendium of papers submitted by panelists invited to appear before the ways and means committee during the program of public panel discussions on income tax reform. These discussions began Monday and will continue for some weeks.

Mr. Plumley is the only life insurer

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100 Salute Becker at Franklin At Birthday Luncheon

President Charles E. Becker of Franklin Life was honored with a community luncheon at Springfield, Ill., to mark his 63rd birthday, his 20th year as head of the company and Franklin's 75th anniversary. The day, Friday the 13th, was appropriate.

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Executive Vice-president Francis J. Edinger presents plaque to President Charles E. Becker of Franklin Life at the community luncheon at Springfield, Ill., honoring Mr. Becker on his birthday, his 20th year as president of the company, and Franklin's 75th anniversary.



President Eisenhower chats with H. Bruce Palmer, president of Mutual Benefit Life, during a breakfast meeting of some 100 leaders of business associations and other groups called together in Washington by Mr. Palmer to discuss a national movement to halt growing inflation. President Eisenhower endorsed the movement and urged that steps be taken immediately to inform the public of the positive steps it must take in the anti-inflation fight. Vice-president Nixon later addressed a luncheon of the group and also recommended that action be taken at once to control inflationary pressures. At a business meeting, the heads of more than 48 national organizations authorized Mr. Palmer and D. Tennant Bryan, president of Richmond Newspapers, Inc., who was chairman of the meeting, to form a steering committee, which is currently being done. A nationally known business leader will be asked to head the movement. Representatives of several life insurance associations and companies also participated in the meeting, many of whom spoke in favor of a national anti-inflation effort.

Insurance Marketing And Products 30 Years Behind, Research Shows

WASHINGTON—The insurance business has failed substantially to develop its potential market, both in percentage of people insured and in adequacy of insurance per person, because it had presented its products as necessary evils or as protection against unpleasant disasters rather than as an essential and valuable service.

This was the conclusion of Irving Gilman, vice-president of Institute for Motivational Research, Croton-on-Hudson, N. Y., in his talk here before National Assn. of Independent Insurers.

Companies and agents have put the insurance prospect on the spot—they have consistently reminded him of his failures as a good provider in order to sell him life insurance and have

threatened him with painful disasters to get him to buy other kinds of insurance, Mr. Gilman said. They have ridden the prospect with guilt feelings. Consequently, the thought, the image of insurance is unpleasant to him. His agent is his conscience, and he mentally crosses the street to avoid him. When the agent phones, he is not at home; he does not respond to direct mail. It is distasteful for him to talk about insurance.

Must Alter Image

Mr. Gilman thinks that insurers and their agents must alter this image, if they are not to fall further behind in marketing their products than they are today. It is essential to make the agent appear to be a counselor, adviser, some-

one on whom the buyer can depend for competent guidance. The agent seldom communicates the life-giving, happiness quality of insurance.

Companies must offset the unfavorable image the public has of insurance in their sales training and in their advertising, he declared. They must transform insurance into a pleasant, happy subject. The agent and the company must be seen by the consumer as counselors, friends and allies rather than as agents of disaster. So long as insurance is an unpleasant subject, the prospect is going to put off any decision in connection with it as long as possible. This is true of every line of insurance. Even those who are sold are passive about the

(CONTINUED ON PAGE 16)

Actuaries Receive 1951-56 Accidental Death Rate Table

A new table of accidental death rates suitable as a standard for double indemnity policy reserves was presented to Society of Actuaries at its annual meeting in White Sulphur Springs, W. Va., by Norman Brodie, associate actuary, Equitable Society, and William J. November, vice-president and actuary. The new table, which shows material reductions from those now in use, is developed from the mortality experience of 17 large companies between 1951 and 1956. The current table reflects 1926 to 1933 mortality.

Net premiums under the proposed table show reductions ranging from about 30% to 35% at the younger ages to about 50% at older ages. The new table will require reserves that in the aggregate are less than 50% of those required under the 1926-33 table.

Wide Variations

Messrs. Brodie and November said the new table gave recognition to the wide range of mortality experience among the 17 companies, from one-half of the over-all average to more than one and one-half times the average. Analyzing the mortality by five year age groups, they also showed that the companies varied from one-fourth to over twice the average in various age groups.

Variations in company experience can be expected because of a number of factors, they said. The size of their business is an important one and most of the wide fluctuations were reported by companies with relatively few claims.

The paper disclosed the importance of differences in the proportion of women risks, because of the relatively favorable claim rates on women.

Geographic areas also have an effect, the paper disclosed. Rural business showed a higher claim rate than urban. Occupational distribution, economic conditions, even the wording of the double indemnity clause were also given as factors in claim rates.

Interstate Life will dedicate its new home office at Houston Nov. 30. The 2-story structure was formerly the headquarters of Trunkline Gas Co.

MDRT Returning To Fla. For '61 Rally. At Americana Hotel

The Million Dollar Round Table will return to the Americana Hotel, Bal Harbour, Fla., for its 1961 annual meeting, June 24-29.

This will be the second time the Round Table has met at the Americana Hotel. It was also the site of the 1959 meeting.

The 1960 annual meeting will be held at the Hawaiian Village Hotel, Honolulu, May 19-24.

McConnell Feted In S. F.: Warns Against State Auto Fund

SAN FRANCISCO—The California insurance industry must be on guard against the possibility of a state fund handling automobile business, Commissioner McConnell warned at a testimonial luncheon given him here by some 600 state, civic and industry leaders. The commissioner was presented with a plaque and testimony as to his achievements in office.

Speaking at the San Francisco Commercial Club, Commissioner McConnell stated that such a state fund "could happen again." He urged the industry to study the problem immediately and preserve the right of private enterprise without competition from a state fund being created similar to the State Workmen's Compensation Insurance Fund established by the California legislature back in 1913.

In his remarks, which he labeled "A Report to the Industry," the commissioner reported the functions and activities of the insurance department. He said the California public has greatly benefited from the state's insurance law and from the positive attitude toward new developments which is taken by the state's insurance department.

There was only one California insurance company failure during the period 1948-58, he noted, and said that was due mainly to deterioration in the "moral fibre of a single individual." He added that during this time there were a number of company failures across the country but that all such companies, with but a single exception, were not admitted to do business in California.

Banquet To Feature N. Y. Department's Centennial Jan. 21

The 100th anniversary of the founding of the New York department will be celebrated by a statewide observance of Insurance Day, Jan. 21, with a testimonial banquet in the evening.

The centennial celebration will be undertaken by the entire insurance business in the state—fire, casualty, surety, marine, health and life insurance. The co-chairmen of the centennial committee which represents all branches of the business are: Kenneth E. Black, president of Home, J. Victor Herd, chairman of America Fore group, and Devereux C. Josephs, director and former chairman of New York Life.

Was One Of First

The official salute to the New York department, one of the first created and one of the most important, will be made at the banquet, to be held at the Waldorf-Astoria in New York City. It is expected that the guest list of 2,000 will be largely made up of top company executives, with representation invited from all of the nearly 600 companies doing business in New York.

Thomas Thacher, superintendent of insurance, will be the honor guest and accept the all-industry toast to the department's century of service in the public interest.

A bound history of the department will be put on all school and public library shelves by the committee. Every possible means will be utilized to carry to the 15 million residents of the state the story of the department.

The four committees set up to plan and direct the celebration include many of the leading executives of the business.

Ohio National Reports Gains

Paid business of Ohio National Life through the third quarter was 12% ahead of last year, and the company had a gain of 25% in insurance in force over the comparable period of last year. Total in force is now more than \$1,013 million.

In October sales were \$19,140,502, or 10% in excess of assigned production quotas.

CHICAGO A&H MEN HEAR:

Illinois Lawmakers Debate Compulsory Cash Sickness Bill

A compulsory cash sickness law—necessity of life or an unsound scheme—was debated at the November meeting of Chicago A&H Assn. by its supporters and opponents of a bill in Illinois legislature that would provide compulsory insurance.

Speaking on the bill's behalf were State Reps. Paul D. Simon, Troy, and Anthony Sciarano, Park Forest, and Abner J. Mikva, Chicago. They were opposed by Edward H. O'Connor, managing director of Insurance Economics Society, and State Reps. Marion Burks, Evanston, and Harold A. Hoer, Palos Park.

Defeated Since 1947

The compulsory bill, alias house bill 61, and similar preceding measures have been defeated in each session of the state legislature since 1947, but as its supporters explained, this does not daunt them from continuing the press for passage.

Rep. Simon admitted that about three-fourths of the people in the state have some coverage, but added that "those that do not have coverage are those that need it most."

Mr. O'Connor rejected this, saying that there are really very few people completely without coverage, and that there have never been any facts to show that the absence of compulsory insurance has worked a hardship on Illinois citizens.

Not A Radical Bill

Rep. Simon said the plan is not a state fund, it does not cover everybody, and it "is not a radical thing but rather conservative compared with other states." He said he believed the plan would encourage private enterprise.

Crux of the proponent's argument was that the state must ultimately provide a compulsory program or, as Rep. Simon declared, "the federal government will be doing it for you, and you will have a state plan like Rhode Island." The Rhode Island program was viewed apprehensively by both sides as the outstanding example of what not to have.

The bill was characterized as social security type legislation by Rep. Hoover, who assayed it as being a "unsound step in an unsound program." There is just as much justification for compulsory life insurance and medicine. Advocates cite human need, but the bill exempts and does not fulfill human needs of those businesses of less than six people, he noted.

Rep. Mikva wondered if opponents would find the bill more or less palatable if it covered everyone. He said it does not make sense to assail legislation which helps people simply because it doesn't benefit everyone.

Missed The Point

This was rebutted by Rep. Burks who contended that Rep. Mikva missed the point. The bill was proposed not because it excluded people but because it was a "dishonest approach," which deluded the public into thinking that it would not be extravagant, all-encompassing legislation. In no time, he predicted, exclusion

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Peoria Sales Rally Draws As Well As Ever, Some 500 On Hand For Educational Fare

By WILLIAM H. FALTYSEK

The annual "salescapades" of Peoria Assn. of Life Underwriters—traditionally held in conjunction with the midyear meeting of Illinois Assn. of Life Underwriters—with a top card of speakers drew its usual large attendance in excess of 500. Getting things off bright and early, William E. North, New York Life, Evanston, vice-president of the national association, gave a highly inspirational address at a CLU breakfast.

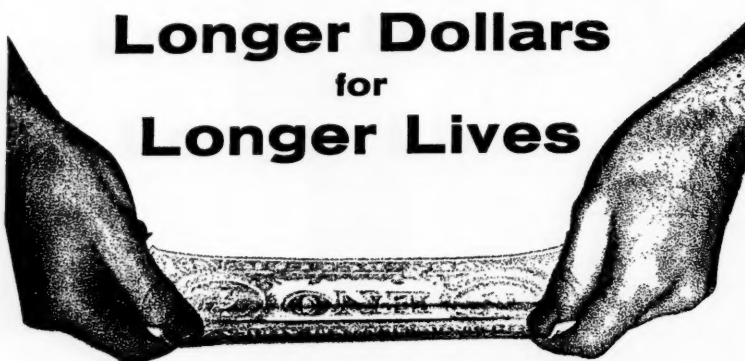
Termining his talk, "CLU, A Capital Investment," Mr. North said CLU is a capital investment that opens many doors. "Every man in this business must steadily and consistently up-date himself. This is necessary because living creatures never remain constant, so staying even is not enough. The norm should be that of growth. Up-dating through education is the responsibility of the agent alone. This will lead the way to opening new markets and expanding old ones."

"It is our duty to see the need for expanding our horizons," he said. "The only person being hurt or favored, as the case may be, by up-dating or not up-dating is the agent himself. The insurance companies can stand it if a man does not up-date himself, but what about the agent's wife and family? Also, clients will outgrow us unless we keep ahead. Some day some sharp agent will reach your customers with an idea that you should have had with the proper study and education."

He suggested that managers check back through their activities to see how they stand in relation to their field men and agents check back to see how they stand in relation to their customers. "The only way we can prevent retrogression is finding a new goal after we attain an old one."

Mr. North said his audience knew the motives it took to decide to become a CLU, but queried as to whether or not they didn't decide as a sense of

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69-59

ALC-LIA-HIA Urge Congress To Block SS Disability Move

WASHINGTON—Strongly opposing suggestions that the 50-year age requirement can be eliminated from the social security cash disability benefit without increasing the contribution rate, American Life Convention, Life Insurance Assn. and Health Insurance Assn. have urged the House ways and means committee to explore thoroughly the cost aspects of such an amendment.

This view was expressed in a letter to Chairman Harrison of the subcommittee on administration of social security laws, which is holding hearings on the administration of the social security disability program.

The letter recalls the serious doubts expressed by the life and A&S businesses on the cost of the present cash disability system when it was added to OASI in 1956. Testimony by the business then emphasized that the costs of the new program would probably exceed the original estimates and would be "exposed to both administrative and economic pressures."

"Since the 1956 testimony," the letter stated, "there have been no developments which, in our opinion, would alter the previously-expressed view. Consequently, we feel that it would presently be unwise to liberalize the disability portion of the OASDI program, particularly until there is considerably more knowledge of emerging costs available."

Cushion Not Sound Basis

"Any cushion in the disability trust fund which appears to exist on the basis of presently-available limited experience would, in our opinion, not constitute a sound basis for liberalization at this time, especially since your subcommittee also has under consideration the administrative interpretation of the term 'disability' and the adequacy of standards relating thereto."

"We did not expect that substantive amendments to existing law would be discussed during the hearing before your subcommittee, and therefore felt that the views expressed in the preceding paragraph might be inappropriate at this time. It now, however, appears that elimination of the requirement that a worker must be at least 50 years old before he or his dependents can receive cash benefits has been discussed, and the suggestion made that it could be accomplished without increasing the disability insurance contribution rate. We cannot agree with these suggestions at this time, and urge that the cost aspects of such an amendment should be thoroughly explored."

S. C. Congress Members

Talk With Agents On Forand

COLUMBIA, S. C.—South Carolina's two Senators and three Representatives were scheduled to meet this week with representatives of the South Carolina Life Underwriters Assn., who were invited to give the state delegation their views on the Forand type of national health coverage for social security beneficiaries.

William S. Hendley Jr., NALU president and a past president of the state association, and W. G. Morrison of Columbia, state manager for Life of Georgia and executive vice-president of the state association, were to be the spokesmen.

Supreme Court Will Consider 'Premium Payment Test' Case

WASHINGTON—The U.S. Supreme Court has agreed to consider and rule on the constitutionality of the so-called "premium payment test" for determining whether life insurance proceeds are taxable portions of an estate under 1939 revenue code.

The test, established by the 1941 revenue act, provided for including in the gross taxable estate of a decedent the insurance benefits on life policies to the extent that premiums on the policies in question were paid by the decedent, regardless of other aspects of ownership.

Although the test was repealed by the 1954 internal revenue code the Internal Revenue Service has continued trying to collect money from estates settled prior to enactment of the 1954 code, to which provisions of the 1939 code apply.

Test Unconstitutional

Lower courts in at least two cases have held that the test is unconstitutional as an unapportioned direct tax and as a deprivation of property without due process of law.

Among the two cases is the current one being appealed to the high court by the Internal Revenue Service. Here IRS holds that life policy benefits of \$64,823.84 on the life of Clifford B. Longley of Detroit, should be included in his gross estate because he continued to pay premiums until his death, although he had transferred all incidents of ownership in such policies to his wife years earlier. Mr. Longley died July 15, 1954, a month before repeal of the premium payment test became effective.

The executor of the Longley estate, Manufacturers National Bank of Detroit, contested the IRS ruling. A federal district court sustained the executor, agreeing that the test was unconstitutional in its application to the Longley case and that the policy proceeds should not have been included in the taxable estate.

IRS, however, points out in its current appeal, that the two decisions declaring the test unconstitutional are in conflict with court decisions in the second, fifth and seventh circuits, as well as the tax court.

The government appeal brief states that the fundamental error in the lower court decision was its failure

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Y. LIFE EXPERIENCE:

Agencies Doing Well In All Lines Grew 10 Times Faster

MONTREAL—While New York Life's agencies' average growth in ordinary sales was 2.4% in 1958, the offices that did well with all product lines—life, A&S and group—averaged a 20% growth in ordinary sales for the year, almost 10 times the figure for all offices, Raymond C. Johnson, New York Life's vice-president in charge of marketing, told the LIAMA annual meeting here.

Mr. Johnson said that in 1958 New York Life agents who sold only ordinary insurance averaged \$329,000, agents selling both ordinary and A&S averaged \$389,000, while those selling ordinary, A&S, and group averaged \$47,000, or 66% more than those who sold ordinary alone.

More Lines, More Activity

"More lines of personal coverage promote more activity among agents," Mr. Johnson pointed out. "And, of course, more activity promotes more sales in all lines. More lines give an agent more reasons to call on a prospect, and often give him a new and interesting approach for another call. Many agents tell us they have no trouble selling when they have interviews, but have their greatest difficulty in securing interviews under favorable circumstances. A&S insurance helps them to get interviews and often helps to solve the daytime prospecting problem, especially for the newer agents."

"Certainly there is strong evidence that all forms of personal insurance coverage are closely related and one leads to the sale of the other."

More Pathways To Progress

"The progress of any life insurance company is nothing more than the composite total of the progress of each of its individual agents. By adding A&S and group insurance to our agent sales portfolio in 1951, we feel we have given them more pathways to progress."

"We are also most enthusiastic about the future of A&S sales because we feel our agency force has not nearly approached its potential. Thus we look ahead with great optimism."

"We believe that our modernized and streamlined non-can and guaranteed renewable A&S program now is a worthy partner to our life insurance operation. It gives us the answer to many of our problems because it has been tailor-made to fit our type of company, our field organization and the markets we serve."

Changed Company's Character

Mr. Johnson said New York Life's decision to enter the A&S and group insurance fields in 1951 changed the entire character of the company. It involved abandoning its position as a strictly "ordinary" company—a position New York Life had been very proud of for 105 years.

He said the company decided to enter these fields because of the growing market for all forms of group insurance, including A&S; because the sale of A&S would help to forestall government encroachment in this field; because the agents would get additional commissions; and—"most compelling"—to assure a healthy rate of growth for the sales of ordinary insurance.

Big Adjustment Job

Noting that the doing was not as easy as the deciding, Mr. Johnson said the company had to hire key personnel with specialized knowledge in these fields; promote and train other employees for new duties and responsibilities, and, of course, it had the problem of integrating these new departments and new people into the New York Life family. It also had the problem of getting its agents to integrate these new product lines into their sales portfolio and daily sales activities, for there wasn't much demand from the agents for this type of coverage.

Although New York Life has been "non-can" for the past three years, Mr. Johnson said it started in A&S in 1951 by offering only a commercial line of policies—renewable at the option of the company.

But, he said by late 1953 and early 1954, "one of the more serious problems we had to consider was the reaction of our agents and our policy owners to the non-renewal of a policy because of a major change in physical condition. We began to appreciate that such terminations, even though rare, did lead to poor public relations."

"New York Life agents had been trained in and accustomed to selling life insurance protection on a permanent basis, and they were not satisfied with these cancellations even though there were only a few," he said. "Thus, it became quite obvious to us that a line of policies that could be terminated by the company for cause would never really receive favorable acceptance from a substantial part of our field organization."

Administration Was Complex

Other problems involved with the commercial type of operation were complex administrative problems.

"These were some of the main reasons why we switched to non-can over three years ago," he said. "While it has worked quite well, we have made further improvements, such as lifetime guaranteed renewable hospital coverage; lifetime guaranteed renewable hospital policy especially for senior citizens and substandard A&S insurance."

American United Life Has Executive Workshop

A three-day executive workshop was held this week at the home office of American United Life in Indianapolis.

The workshop on top management problems was open to the public and 31 officers representing 27 companies were present.

The faculty consisted of Clarence A. Jackson, president and board chairman American United Life; Frank Whitbeck, president Pioneer Western Life; Edward F. O'Toole, O'Toole Associates; C. E. Gaines, director Institute of Insurance Marketing, Southern Methodist University; Alden P. Chester, vice-president and new business chairman American United Life; Brice F. McEuen, vice-president and

agency director Lamar Life; Frank J. Travers, securities vice-president American United Life; Hilbert Rust, president Research & Review Service; Edward M. Karrmann, treasurer and controller American United Life, and Newell C. Munson, president Associates Life.

Subjects discussed included "Laying the Foundation for Success"; "Planning Your Company's Over-all Operations"; "Duties and Responsibilities of the Board of Directors"; "Corporate Housekeeping Compliance with Statutes"; "Investment Policies and Administration"; "Corporate Problems"; "Home Office Organization and Procedures"; "Executive Reports for Management Control"; "Field Organization and Administration: Selection, Training and Supervision of Agents"; "Home Office Operations and Controls"; "Agency Organization and Management"; "How to Compete"; "Operating for Profit" and "Products and Profits."

Health Insurance Assn. has just published its directory. The 1959-60 edition lists company members alphabetically and geographically.

Cites Acute Need To 'Resell Ourselves' On Life Insurance

MONTREAL—The biggest job needing the attention of life insurance agency executives is a retraining job, reselling themselves and the field on the importance and indispensability of life insurance, Alexander Hutchinson, 2nd vice-president of Metropolitan Life, told the annual meeting here of LIAMA.

Mr. Hutchinson, who on Jan. 1 will become vice-president in charge of the field organization, said that "we need to resell ourselves on life insurance and we need to resell our agents on life insurance."

"We need, in other words, to take another look—another look at the fundamentals, another look at what life insurance is, and why men buy life insurance," he said. "I am sure we would be hard put to find anywhere in the land a group with such high

(CONTINUED ON PAGE 27)

one of the
best
and
one of the
busiest

Comparable year-to-date figures continue to show that Central Life's sales consistently run well ahead of the life insurance industry as a whole. There are several reasons why this is so—and Central Life agents agree that an important one is *true graduated premium* on all plans (except single premium). The quantity discount idea, first introduced in the United States by Central Life in 1955, is another example of the sales-minded leadership that's making "One of the Best" one of the busiest, too!

Central Life

ASSURANCE COMPANY, DES MOINES 6, IOWA
Progressive and competitive, yes . . . but not

at the expense of financial security

ASSETS	\$168 Million
SURPLUS	\$14 Million
INSURANCE IN FORCE	\$575 Million

Tells Why Companies Will Fight Paying Tax On Tax-Exempt Bonds

Since the taxing of tax-exempt interest in life company income, as provided in the new life company income tax law, will in all probability be tested in the courts, The National Underwriter has asked J. Stanley Hill, 2nd vice-president and actuary of Minnesota Mutual Life, to set forth the background and other considerations with respect to this provision of

the law. Minnesota Mutual is one of the leaders in seeking full tax exemption for tax-exempt bond interest.

By J. STANLEY HILL

Is tax exempt interest being taxed? This paradoxical question has been raised by the provisions of the 1959 life insurance company income tax

law. It must be settled, most likely in the federal courts, before life insurance investment officers can again know the value to their companies of the tax-exempt features which are traditionally considered a part of the state and local government bonds. A similar question hinges around the 85% portion of dividends received by life insurance companies on corporate stocks which they have purchased.

It would seem a simple matter to determine whether these items of income are being taxed. Not so, according to certain industry tax experts. The problem centers around the in-

terpretation of two provisions of the law: the basic taxing formula and the so-called exception clauses. Treasury officials contend that the basic taxing formula does not place a tax on tax-exempt interest and that the exception clauses are unnecessary. A number of industry experts, on the other hand, feel the exception clauses are necessary. Moreover, they say, it was the intent of Congress that these exception clauses be applied, wherever necessary, to modify the results of the basic taxing formula so that the traditional concept of tax exemption should be preserved.

The question is one of vital concern to state and local governments. Since life insurance companies represent a large segment of the potential market for their bonds, they feel that the market is apt to be adversely affected until the issue is settled. Moreover, an adverse settlement of the question might well establish a precedent for unfavorable tax treatment of other municipal bondholders.

Some observers are even more deeply concerned about the threat to the very existence of local governments in their present form. They point to the repeated, but so far unsuccessful attempts of the Treasury to tax the interest on state and local government bonds. Previous attempts have been defeated by the Supreme Court on the doctrine that "the power to tax is the power to destroy."

Uses 'Proration' Concept

The basic taxing formula uses a concept commonly called proration. It can be illustrated by comparing the tax status of two individual taxpayers. Smith and Jones each have \$10,000 of earned income. Smith has no other income, but Jones has an inheritance invested in municipal bonds from which he receives an additional \$2,000 income annually. Each has \$3,000 of deductions and dependents exemptions. Under the federal income tax laws applicable to them, each would pay a tax on \$7,000.

If the proration concept were applicable, Jones would be required to prorate his \$3,000 of deductions over his total income of \$12,000. His deductions would then be 25% of his income, leaving 75% of the earned income, or \$7,500, on which he would have to pay tax. Under the philosophy of the Treasury Department, Jones is not being taxed on his tax exempt income because his total income can be considered in two parts: (1) the part applicable to deductions and (2)

(CONTINUED ON PAGE 19)

Brokers Are Talking About

Design for Tomorrow

—because it's the easiest way to sell life insurance!

Yes, brokers are talking about Great-West Life's "Design for Tomorrow" . . . a series of important changes in premiums, policies and dividends!

HERE ARE A FEW THINGS THEY ARE TALKING ABOUT:

- 1 A TRUE QUANTITY DISCOUNT—The premium per \$1,000 decreases as the amount increases.
- 2 THREE SPECIAL POLICIES for business and taxation fields.
 - Preferred Whole Life Par (minimum \$10,000, ages 0-70).
 - Special Whole Life Non-Par (minimum \$10,000, ages 15-70).
 - Maximum Security Par (minimum \$10,000, ages 15-70; special dividend option on minimum of \$25,000). High, early cash values!

Rates on all three reduced even further by Quantity Discount factor.

- 3 REDUCED RATES FOR WOMEN—Preferential rates on two special par plans—same high cash value and dividends as paid to men!

- 4 TERM RATES further improved by Quantity Discount.

- 5 STREAMLINED ESTATE BUILDER — Great-West's popular Juvenile plan has been made even more attractive . . . in addition, a special option for girls makes the policy Two-Plans-in-One—minimum still \$1,000.

- 6 INCREASED DIVIDENDS—For the fourth time in five years your Great-West participating policyholders benefit in this vital area . . . and interest rate on dividend accumulations has been increased to 3.40%.

And in addition . . .

- Completely new series of Retirement Income plans.
- Low-cost Home Security Policy.
- Home Security Riders to combine with any permanent plan—10, 15, 20, 25 years.
- Autopay—A real sales clincher—monthly premiums are automatically deducted from regular bank account—the greater savings are passed along in a reduced premium.

"Design for Tomorrow"—The modern way to sell life insurance.

For full details write or call us today!

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GREAT-WEST LIFE
ASSURANCE COMPANY
HEAD OFFICE - WINNIPEG, CANADA

LIFE

A & H OPENINGS \$20,000 - \$5,750

East	Group Actuary	\$20,000
M. West	Consulting Actuary	\$20,000
M. West	Sales Prom. - Adv.	\$11,000
East	Life H. O. Adm.	\$11,000
East	A&H Home Off. Adm.	\$10,000
W. Coast	A & H Adm.	\$ 8,000
West	Accountant	\$ 6,750
South	Jr. Accountant	\$ 5,750

These listings typical of Life—A & H—Fire-Casualty positions in all sections of the country. Confidential handling of all inquiries. Write for "HOW WE OPERATE"—no obligation to register.

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in the hands of a skilled underwriter
MAKES THE SELLING JOB EASIER!

Ours is a sales promotion-minded Company. The merchandising display on this page is indicative of how we support the man in the Field. Available — at no expense to the Union Central agent or the broker — are thoroughly researched, carefully tested prospecting procedures and sales presentations for every conceivable selling situation that may arise.

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Security for the American Family since 1867

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Chicago 6, Ill.

Agent-Corporation Discussed Further By Sym And Silverman

A. H. Sym, assistant agency vice-president of Provident Life of North Dakota, has raised some questions as a sequel to the correspondence between him and Saul S. Silverman, New York tax lawyer, reported in the Sept. 26 issue of *The National Underwriter*. Following are Mr. Sym's letter and Mr. Silverman's reply:

Thank you for the thoroughness of your recent reply to my letter addressed to *THE NATIONAL UNDERWRITER*.

As I am sure you understand, I do not dispute the fact that there can be good reasons other than income tax savings which would prompt an agent to incorporate. If a discussion of these had been the main point of your article, as it was of your letter to me, I would not have made any observations to *THE NATIONAL UNDERWRITER*.

Not Widely Applicable

My whole point in writing was that I thought the possible income tax savings, although admittedly present for the relatively fortunate few in the

higher income tax brackets, had been overemphasized, and that far too small a portion of readers would be affected to warrant the first page prominence given to the article.

For example, we have approximately 100 full-time agents. Not one of these would be significantly above the 30% tax bracket after making the numerous business deductions available to agents... yet one of them has already contacted me about the advisability of incorporating, and others may do likewise.

Asks About Double Tax

You indicated you would be pleased to receive any further comments that I might desire to submit, and I would like to take advantage of this as it relates to your expression that the possibility of exposure to double taxation is not a serious problem.

It has been my impression that in order to get monies out of a corporation, it would be necessary to receive

them as salary or dividends (subject to income tax), or else sell the corporation and pay capital gains tax.

If you would indicate a few ways in which relatively sizable amounts could be withdrawn from a corporation for retirement or family purposes without tax liability beyond the originally paid 30% corporation tax, I would be most appreciative.

Please again understand that I am not making this request from the viewpoint of questioning your statement, but rather to further my own limited knowledge of the subject.

Following is Mr. Silverman's reply to Mr. Sym:

As I explained in my prior letter, the concept of incorporating "excess income" does not necessarily result in double taxation. The main point sought to be accomplished in incorporating such income is to place the individual in a position to accumulate money at the 30% level that ordinarily could not be accumulated or saved because of the tax at a higher income tax bracket.

The tax savings each year could be, and indeed would be, accumulated and invested, so that at the end of

15 or 20 years the individual would have a greater principal or corpus fund in order to protect himself and his family. It is true that this greater principal fund would be in the corporate form, but this is not necessarily a disadvantage and does not necessarily mean that the disadvantage of double taxation would come into play. The following considerations must be taken into account in evaluating a program that has been suggested:

Lists Factors To Consider

1. The most important point to consider is that there would be a greater principal fund available to the individual and his family for whatever purposes he might require in the future (i.e., 10, 15, 20 years, etc.).

2. In the event of death, the family of the agent would receive a stepped-up basis for the stock of the corporation and could then liquidate without any income or double taxation disadvantages.

3. The individual could receive salary when his income was in the minimum brackets or when his personal exemptions and deductions exceeded any salary at which the corporation may still have income. For example, an individual in the 50% tax bracket today might very well not have any taxable income 20 years from now. The 20% tax savings the year 1959 might possibly be withdrawn with little or no income tax in 1979.

Could Receive Dividends

4. If the individual does not take a salary in 1979 he could receive dividends on the greater principal fund of the corporation than he would have if he had operated as a sole proprietorship during all of these years.

5. It is also conceivable that the corporation could be liquidated in a future year without any double taxation problems if the individual, again, had substantial exemptions and other expenses in the year of liquidation that would offset any gain arising from said liquidation.

To summarize, I do not have a crystal ball to project into the future as to what the economy or what business conditions will be at that time. The double taxation problem is a real one, but there are so many intangibles involved, and possibilities of mitigating or eliminating the double tax problem, as well as the inherent advantages to incorporating, that I feel the problem, standing by itself, should not be a deterrent in examining the problem of incorporating one's agency.

Interest Rates Increased By Provident Mutual Life

Provident Mutual Life has increased the interest rate on accumulated dividends and settlement options from 3.25% to 3.5% for 1960. The 1959 dividend scale will continue in 1960.

In other changes, premiums for new life policies issued to females have been reduced, although non-forfeiture values and dividends will remain the same as for males. Rates for Provident's disability premium waiver coverage for women have been reduced to the same as for men. Previously, they have been 1½ times the rates for men.

Also, the disability premium waiver provision has been made available for retirement annuities.

University National Life of Norman, Okla., has been licensed in Arkansas.

New Thoughts on Life

LIFE is real, LIFE is earnest, and has a circulation of
6½ million — but that wouldn't be enough to furnish
every NATIONAL Life policyholder a copy.



THE
NATIONAL LIFE
AND ACCIDENT
INSURANCE COMPANY
HOME OFFICE — NASHVILLE, TENNESSEE

Home Office Changes

Republic National Life



T. K. Williams

T. K. Williams has been named vice-president and coordinator of home office services. Before joining Republic National, he was assistant treasurer of Southern Old Line Life, which in 1941 was merged with Republic National Life. In 1957 he became assistant secretary in charge of home office services. Mr. Williams is vice-chairman of the associate section of the Texas Life convention.

Massachusetts Mutual

J. Walter Reardon, associate director of sales promotion since 1958, has been appointed associate director of public relations and sales promotion. He joined Massachusetts Mutual in 1950, became training assistant in the agency department in 1952 and assistant director of training in 1956.

Frank W. Hiller, assistant director of training since 1958, has been named assistant director of group sales. He joined the company in 1956 as a training assistant.

Donald E. Hannigan, formerly attached to the group pension department's training division, becomes assistant counsel in the law department.

Modern Woodmen

A. S. Edler has been elected national secretary, succeeding the late John C. Phillips. Mr. Edler has been a member of the society's home office staff since 1929, and has been assistant national secretary since 1949. Until that time, he had been in the legal department as assistant counsel.



A. S. Edler

Old Republic Life

Arthur J. Cade has terminated his connection with the company as executive vice-president. He has not yet announced his future plans.

Northwestern National

Gordon L. Williams, since 1957 staff assistant in the agency department, has been appointed to the newly created position of sales development manager. He joined the company in 1948 as a member of the group department. In 1949, he became a home office group field representative and was named group manager at Kansas City in 1950. In 1955, Mr. Williams joined the company's home office agency field service.

Lutheran Brotherhood

Thomas Q. Feig has been elected treasurer to succeed Lorenz Jost, who is retiring. Mr. Feig has been with the fraternal since 1958.

Renamed to their present posts were Harold A. Smith, financial vice-president; Arthur O. Lee, church loans

vice-president; Harold C. Hoel, agencies vice-president; Al Konigson, underwriting vice-president; Reuben I. Jacobson, vice-president and actuary; Kenneth T. Severud, secretary, and Dr. H. J. Brekke, medical director.

Carl F. Granrud, Lutheran Brotherhood president, was elected board vice-chairman.

J. A. O. Preus, board chairman; Dr.

R. H. Gerberding, Messrs. Granrud, Smith, and Lee were all named to the executive committee.

Aetna Life

Named assistant secretaries, group division, are:

Timothy F. Curtin, who joined the company in 1936 and has been contract consultant in the group annuity department and group division.

David W. Grant, who has been with Aetna Life since 1949. He was group manager at Honolulu and, since 1954,

assistant superintendent in the group division.

Laurence B. Huston Jr., who has been superintendent, group division, since 1958. He joined the company in 1949 at Philadelphia.

Neal H. O'Connell, supervisor of the group control department. He joined Aetna in 1950.

HBA Life

James A. McPherson, former western regional supervisor for United Benefit Life, has been named super-

*T. Q. REPORT FROM CHICAGO:



Quality Speaks With Authority

Prepare to review the two finest individual protection plans your client can own . . . **total-quality* for total needs. Here is privileged coverage . . . positive protection . . . **total-quality* that speaks with absolute sales authority.

Fashioned with jewel-case appointments, our World-Wide Non-Cancellable, Guaranteed Renewable Income Protection and our World-Wide Major Medical are the first word in custom-built coverages.



WORLD-WIDE

NON-CAN AND GUARANTEED RENEWABLE INCOME PROTECTION



WORLD-WIDE

MAJOR MEDICAL EXPENSE PLAN PERSONAL-FAMILY

Wherever you call, North American carries the imprint of distinction . . . **total-quality* that assures extended options not found in the ordinary accident and health plan.

Add these and other luxury refinements to your working kit and you are ready for true mastery on the sales front. **Total-quality* is the mark of distinguished products by North American since 1886.

Brokerage by General Agents in 48 States



Since 1886

NORTH AMERICAN

Accident Insurance Company
209 S. LaSalle • Chicago, Ill.

visor of agencies for HBA Life. In his United Benefit post, he was responsible for agency activities in 11 western states and Hawaii. He had previously been assistant director of training for the same company. Before that he was with the sales promotion department of Mutual Benefit H&A.

Union Mutual Life

William K. Tyler has joined the legal department as attorney. He has been an agent of Connecticut Mutual Life.

Travelers

The following four appointments have been made in the life, A&H agency department:

Richard D. Jervis, director of training and special service since 1957, has been named superintendent of agencies. He joined Travelers in 1938 as a supervisor at Cincinnati and became manager there in 1947. Two years later he transferred to the home office as assistant superintendent of agencies. He is a CLU.

Robert B. Safford, superintendent of

training since 1955, becomes director of training. He joined the company in 1934, later serving as assistant manager at Bridgeport and Rochester, N.Y. In 1950 he was named assistant superintendent of sales research and promotion.

Paul K. Browne, superintendent of special services since 1955, is placed in charge of the special services division. He has been with Travelers since 1929, when he joined the Dallas office as a statistician. In 1946, he transferred to the life, A&H agency

department as assistant manager. Dallas and, in 1951, was appointed assistant superintendent of sales research and promotion at the home office.

D. Winston Williams, assistant



R. D. Jervis



R. B. Safford

perintendent of agencies since 1955 is appointed assistant superintendent of general agencies. He joined the company as a supervisor in 1950 and in 1954, became assistant manager



P. K. Browne



D. W. Williams

Norfolk. He was promoted to manager at Miami in 1956.

In the life department, Francis J. Callery, chief underwriter since 1945, has been appointed assistant secretary. He entered the underwriting department in 1920 and was promoted to assistant underwriter in 1926.

GENERAL AMERICAN LIFE—Dean E. Williams has been appointed associate group actuary. He has been with Pan-American Life since 1955, and before that was with New York Life.

BALTIMORE LIFE—Richard B. Altland has been appointed superintendent of agencies. He joined the company in 1938, and since 1952 has been agency assistant.

PEOPLES LIFE OF WASHINGTON has established a general agency department and appointed as its head, Frank M. Smith, director of training since 1955.

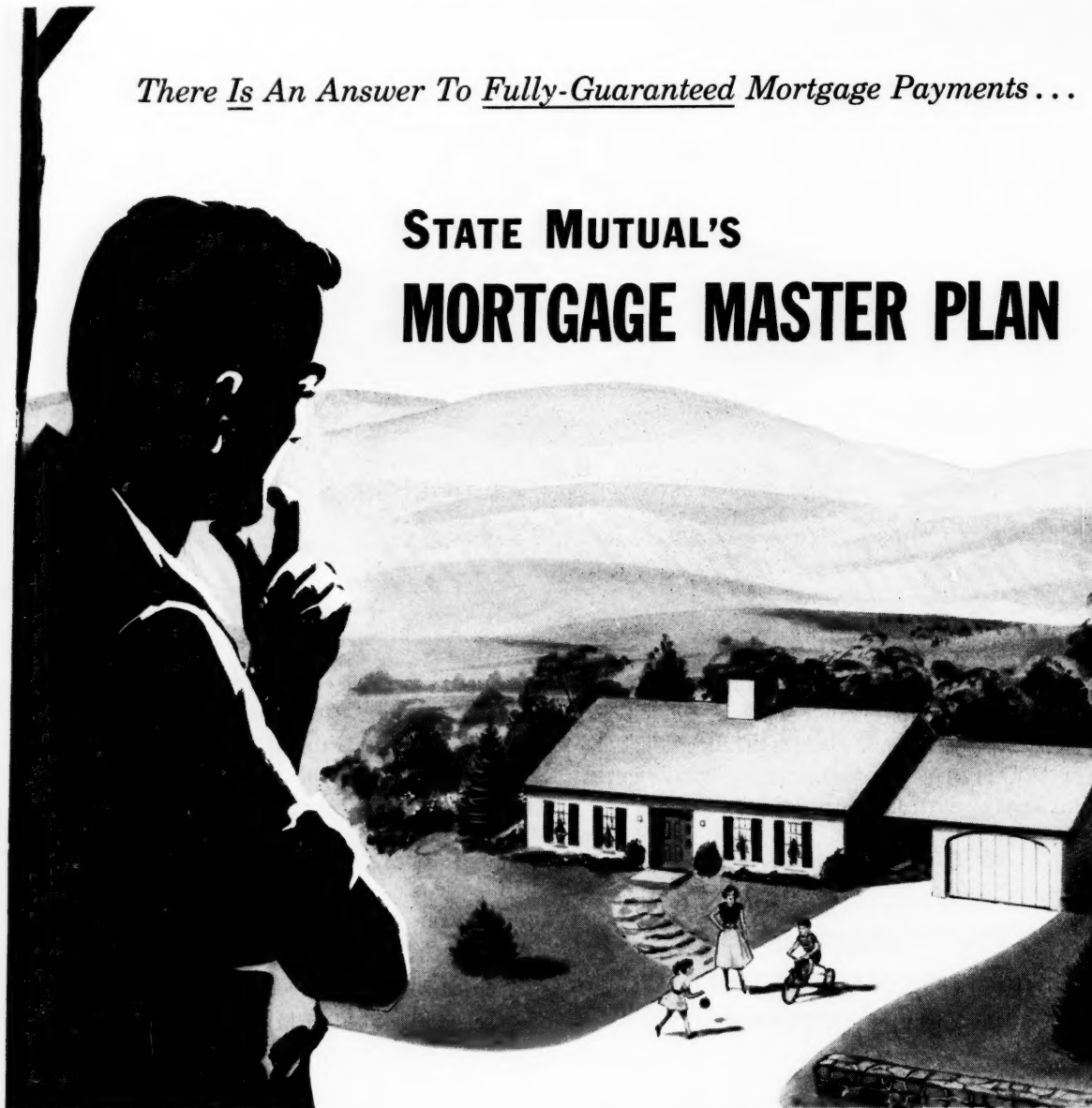
GROUP ANNUITY SALES REPRESENTATIVES

Excellent opportunity for experienced Group Annuity sales representatives. Attractive salary and bonus plan. Dynamic sales organization with expansion plans needs several experienced salesmen. Write giving complete resumé of your education and business experience to Joseph Pearson, Assistant Director, Group Annuity Division, 200 Berkeley Street, Boston, Mass. Your reply will be kept in strict confidence.

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MUTUAL LIFE INSURANCE COMPANY
BOSTON, MASSACHUSETTS

There Is An Answer To Fully-Guaranteed Mortgage Payments...

STATE MUTUAL'S MORTGAGE MASTER PLAN



Here's the highly saleable "package" you can offer your clients and prospects: **REDUCING TERM** insurance to take care of the mortgage in the event of premature death; **NON-CAN SICKNESS & ACCIDENT** to provide a monthly income for disability.

The reducing and convertible Term is avail-

able for periods of 10, 15, 20 or 25 years; the S & A is non-can, guaranteed continuable to age 65 with a guaranteed annual premium.

These two separate policies are described and illustrated in one attractive proposal folder. If you would like a copy, get in touch with the nearest State Mutual agency or write directly to the Home Office.



STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA

Worcester, Massachusetts

Changes In The Field

Colonial Life

Walter T. Griffith has been appointed resident superintendent at Chicago. He began his life insurance career with Equitable Society at Chicago and later was named assistant to the agency manager. In 1955, he was appointed manager at Evanston, Ill., for Occidental of California.



Walter T. Griffith

Massachusetts Mutual

Irving S. Graiser has been appointed supervisor of the Steinberg agency at New York. He entered the life field in 1952 with Home Life and four years later was named brokerage supervisor of State Mutual Life. For the past two years he has been an independent. He is a CLU.

Life & Casualty

J. C. Ramage, staff manager of the south Houston district, has been appointed regional sales director for Texas, and M. L. Smith, regional sales director for Missouri, has been promoted to district manager at Hannibal, Mo.

Manhattan Life

Richard E. Werner has been named general agent at New York. The agency will be the successor to that of Percy A. Peyser who recently died. Mr. Werner entered the life business in 1950 with the Youngman agency of Mutual Benefit Life and in 1954 became supervisor there. He transferred to the Knapp agency in the same post in 1955.



Richard E. Werner

Named Mr. Werner's assistant is Martin Rosenberg, who has been office manager of the Peyser Agency since Mr. Peyser's death.

Franklin Life

H. Stanley MacClary has been named district manager for Franklin Life at Charlotte, N.C. He formerly was with Acacia Life.

John M. Vannice, Redmond, Ore., has been named a general agent. He formerly was with Provident Life.

North American L.&C.

R. C. Franks has been appointed assistant manager of the Wadlund agency at Minneapolis. He has been with the company since 1954.

John Hancock

Robert N. Cavanaugh, unit manager of the general agency department at Kalamazoo since 1955, has been promoted to general agent there. He joined John Hancock as an agent at Battle Creek in 1946. He is a director of Kalamazoo Life Underwriters Assn. and chairman of its ethics committee. Named supervisor of field training in the Connecticut and Long Island,

N.Y., district agency region is Mario J. Gada, assistant district manager at the Hartford east agency since 1957. He joined the company as an agent in 1944.

Pilot Life

Named general agents after having completed a six-months' training program at the home office are:

Charles A. Rice at Tampa, effective Dec. 1. He was formerly assistant manager of Mutual of New York there.

Flay W. Sellers at Mobile, effective Dec. 1. He has been assistant manager of Prudential at Greensboro, N.C.

Daniel W. Lomax at Atlanta, effective Jan. 1. He has been assistant general agent of Aetna Life at Raleigh.

Lincoln National

Lloyd I. Tompkins has been named to a supervisory post in the Beardslee agency in Montclair, N.J.

Life Of Virginia

Joseph W. Lumpkin Jr., associate district manager at Miami since 1955, has been promoted to field training supervisor for Florida and Georgia. He joined the company in 1954.

Home Life Of New York

William N. Tolleson Jr. has been appointed manager at Houston to succeed Albert F. Brady, who becomes associate manager of the management development division at Newark. Mr. Tolleson started in the insurance business with Equitable Society as a group representative, later becoming a district manager at Tyler, Texas. He then was appointed manager of Provident Mutual at Houston and after that transferred to Dallas in the same capacity. Most recently, he was vice-presi-



W. N. Tolleson Jr.

dent in charge of agency development in the southwest for Franklin Life, with headquarters in Dallas.

Mr. Brady joined Home Life in 1956 as an agent at White Plains, N. Y., where he became manager in 1958.

Continental Assurance

Norman J. Le Beau has been appointed Los Angeles branch manager, succeeding Walter E. Mast, retired. Mr. Le Beau joined the company in 1945 in the actuarial department. He was transferred to Los Angeles in 1950 as cashier and was named assistant branch manager last year.



Norman J. Le Beau

Patriot Life

Named general agents are Laszlo L. Pongo and Earl L. Postol at Queens Village, N.Y.; Mitchell D. Kobler at

LIFE WITH PROVIDENT

Guaranteed INSUREability—the sales "natural"

Provident's Guaranteed INSUREability Rider is a sales natural for opening the door, closing the sale, and following up with more sales later on. It is the ideal gift for a son or grandson and guarantees the right to buy as much as \$25,000 during each of five possible periods — an additional \$125,000, depending upon age — all at standard rates and regardless of health! Guaranteed INSUREability, introduced by Provident in 1958, is another powerful sales tool which allows Provident life producers to get maximum results and income from their own sales ability and initiative.

PROVIDENT
LIFE AND ACCIDENT

LIFE • ACCIDENT • SICKNESS
HOSPITAL • SURGICAL • MEDICAL

Insurance Company

CHATTANOOGA

Hempstead, N.Y.; Joseph Zuckerman and Sol Perry at Brooklyn; Michael Diglio at Newark; Samuel Ingenito and Joseph J. Santillo at Paterson, N.J., and William B. Snyder at Merion Station, Pa.

State Mutual Life



Martin E. Quinn

for the New York State association.

Martin E. Quinn has been appointed manager at Rochester, N. Y. He entered the life business in 1949 at Syracuse and transferred to Massena, N. Y. in 1957. He is past president of Franklin-St. Lawrence Life Underwriters Assn. and, since 1957, has been state delegate for the New York State association.

Occidental Of Raleigh

Appointed district managers are Harry A. Gump at Dallas and John B. Cole at Temple, Tex.

Mutual Of New York



William W. Larash

department's managing training staff.

William W. Larash has been appointed manager of the new agency at Alexandria, Va. He joined the company as an agent at Baltimore in 1954 and became assistant manager there in 1956. In 1958, he was transferred to the home office and since July has been on the sales

APPALACHIAN NATIONAL LIFE has appointed H. Vance Rich Jr. general agent at Maryville, Tenn. He has been a regional supervisor of Occidental of Raleigh.

MAINE FIDELITY LIFE has appointed Thomas M. Duddy general agent at Wilkes-Barre, Pa. He has been with Prudential and John Hancock there.

CANADA LIFE—Vernon L. Graham has been appointed manager of a new branch office at Santa Rosa, Cal. He has been with the company at its San Jose branch since 1954.

CALIFORNIA LIFE—Dale A. Murray has been named manager of a new regional office in Oakland.

CALHOUN LIFE—Eugene L. Brantley has been named South Carolina agency supervisor. He joined the company last year.

EASTERN LIFE has appointed Charles Seibel general agent at New York. He has been with Manhattan Life.

Lester H. Brenner has been appointed general agent at New Haven and Jack D. Cohen as supervisor there.

N. Carolina A&S Policies Must Display Rider Note

All companies writing A&S in North Carolina must place a notice on the front of a policy if any rider or elimination endorsement has been attached, Commissioner Gold has directed.

He recognized that many companies already follow this procedure, but when it is not done, disagreement and confusion follow, he said. Beginning Jan. 1, all companies will be required to adopt this practice.

Phoenix Mutual Life Adds Two Policies For Sale In New York Only

Phoenix Mutual Life has added two new policies, the Executive 25 and the Maximum Executive 25, both of which will be available only in New York State for the present. Phoenix also has reduced single premium annuity rates; increased the interest rate on certain funds left with the company, and increased life coverage and double indemnity limits.

Both of the new policies have a \$25,000 minimum and offer a cash value equal to the full reserve in the third year. The cash values in the first and second years are arrived at by deducting \$8 and \$4, respectively, from the reserves.

The Maximum Executive 25, in addition to the face amount, automatically provides coverage equivalent to the amount of the cash value each year up to age 65 or for a minimum of 10 years.

Loan values will be made available on both policies at the end of the first year, but not before, in accordance with recent regulations put into effect in New York.

In states other than New York, Phoenix will, for the time being, continue to offer its Executive Equity Protector and Maximum Equity Protector policies, both of which provide high early cash values. However, the company is withdrawing the first year premium loan privilege and no cash loans will be made during the first six months after issue.

Improved earnings have enabled Phoenix to increase the interest rate on certain policyholder funds left with the company. The new rate of 3.4% applies to the interest only, fixed time, and the fixed amount options and to the certain period of the life annuity option. The interest rate on

N. O. A&H Underwriters Organize; Johnson Is Named First President

A. Don Johnson, American Casualty, has been elected president of the newly organized New Orleans Assn. of A&H Underwriters.

Richard A. Mackenroth Jr., Streetly Mackenroth, is president-elect; Thomas A. Tomeny, Occidental Life of California, vice-president; Edward Linck, Continental Casualty, secretary; and Mattie E. Herrick, Mutual Benefit H.A., treasurer.

Board directors include C. J. Eagan, Eagan agency; Robert Demmons, Pan American Life; Henry Miltenberger, New England Life; Yale Shamburg, World; William F. Judice, Judice agency; and Cyril Scully, Lincoln National Life.

dividends left with the company have been increased from 3% to 3.2%.

As an example of the reduction in single premium annuity rates, on a male life age 65, the single premium for an installment refund annuity providing \$10 monthly has been reduced from \$1,847 to \$1,715.

Phoenix also increased its maximum single premium annuity limit from \$500,000 to \$650,000.

Other changes include an increase in the limits on standard risks from \$500,000 to \$650,000 and an increase in the maximum limit of coverage with double indemnity from \$100,000 to \$150,000.

In a policy statement, B. L. Holland, president of Phoenix, said that the decision to continue the full reserve policies outside New York State had been made only after careful consideration of all questions with which the New York department's recent hearings and regulations on minimum deposit sales have been concerned.

On the question of discrimination, Mr. Holland stated that in his opinion no discrimination could exist if the policy in question was offered to all policyholders meeting the issuing company's underwriting standards and if it was self-supporting.

He said that an asset share study had only recently been completed by Phoenix, which indicates that their full reserve life policy, because of its large average size, produces at least as much surplus per \$1,000 to the company as their standard ordinary life policy, even if substantially higher lapse rates on the full reserve policies is allowed for in renewal years.

On twisting and misrepresentation, Mr. Holland pointed out that the history of the insurance business showed that new policy forms have frequently created special problems which have only been resolved by experience. He stated that the problem was not an inherent fault of this policy form and that Phoenix had taken vigorous steps to prevent twisting and any possible misunderstanding by the policyholders.

Mr. Holland also released figures on the lapse rate experienced by his company on these policies. During the first 20 months of sale of their full reserve policy, Phoenix sold over \$316 million of coverage under the plans, of which 10.5% failed to pay the second year's premium. This compared with a first year non-renewal rate of slightly over 12% on all other business. With the experience gained in underwriting for lapses, together with the elimination of premium loans at issue, Mr. Holland said he was confident that substantially better lapse rates would obtain in the future on the full reserve policies.

Now—BUILD YOUR OWN AGENCY

with a career contract that offers you:

Completely Vested Renewals
for the premium paying period of the policy.

Substantial override for general agents.

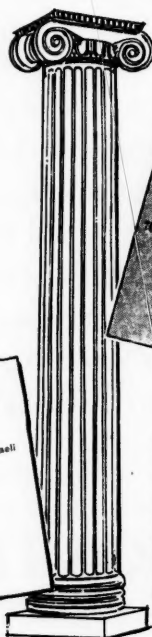
Accident and Sickness Plans
— "Your Partner for Life".

With Central Standard Life's career contract, you can

- * plan for your retirement
- * create an estate for your family
- * enjoy liberal underwriting
- * join an agency-minded organization

"The secret of success is Constancy to Purpose"
Our success has been achieved with our career men and women.

In Force: \$357,405,424
Assets: \$107,284,880
Surplus: \$14,591,874



See for yourself

Write or wire today for your "new approach" agent's kit. Get full details by contacting your local Central Standard General Agent or: John M. Laflin, Vice President and Agency Director.

CENTRAL STANDARD LIFE
INSURANCE COMPANY
211 W. Wacker Drive Chicago 6, Illinois
Life • Accident • Sickness

Israel Insurers Form Citadel Life Of N. Y.

Citadel Life has filed statement with Securities & Exchange Commission seeking registration of 60,000 shares common stock, \$10 par value, to be offered for public sale at \$20 per share. It will be sold through efforts of company officers and directors, principally M. B. Pomrock, president.

The company was organized primarily through the efforts of Hasneh Ins. Co., Migdal Ins. Co., Ltd., and Zion Ins. Co., Ltd., all organized under the laws of Israel, and M. B. Pomrock, who is a director and manager of Hasneh and a director of Israel Reinsurance Co. of Tel Aviv. The company was incorporated under New York law in October, 1959, and its charter permits it to write life insurance, annuities, and A & S.

Will Start With \$1.2 Million

The prospectus states that no insurance has as yet been written, nor will it be until the company's paid-up capital equals \$1.2 million and it has received the necessary license from the New York department. A subscription agreement has been entered into by the Hasneh, Migdal and Zion insurance companies and by Fiducia, Inc., and 12 co-organizers of the company, pursuant to which they have subscribed to shares in the following amounts: Hasneh, 9,000 shares Migdal, 5,500 shares; Zion, 5,500 shares;

\$120 Million Month For American Natl.

American National wrote \$120,111,382 in October, not including industrial or credit life, to set a new record in honor of Executive Vice-president W. L. Vogler. This is not only the largest volume produced in any contest by the company, but also, \$29,329,190 greater than the amount produced during the same period last year. Combined total on industrial and credit life was in excess of \$20 million



R. A. Furbush, 1st vice-president American National, informing Executive Vice-president W. L. Vogler of record \$120 million production by the agents during Vogler month.

net gain for the month. New A&S sales were made on 5,975 lives as compared with 4,217 a year ago.

Mr. Vogler, formerly manager at Salt Lake City, went to the home office in 1945. At that time the company had \$1,356,976,000 in force. The total has more than tripled, currently amounting to \$4,870,105,696, and assets have grown from \$176,081,230 to more than \$750,556,108.

Mr. Vogler stated that the large gain in October, combined with the usually good gains all through the year, indicate that the company will reach its \$5 billion in force goal by the end of 1959 and two months ahead of schedule.

Fiducia, Inc., 5,000 shares; and the 12 individuals, an aggregate of approximately 17,000 shares.

Pursuant to the agreement, each of the subscribers has paid 5% of the price of the shares subscribed by him or it, and one subscriber has paid 25% of his subscription, the total amount thus paid being \$44,425. A call has been made for the entire unpaid balance of all subscriptions, which calls, amounting to \$804,075, are due and payable by Nov. 25.

77,800 In NALU, Membership Record

WASHINGTON—Membership of NALU has reached a record high of 77,800. This tops by 250 the previous high membership, attained last Dec. 31.

According to NALU's national membership chairman, Philip A. Hoche, Kansas City Life, Winter Park, Fla.,

the association's program to enroll 83,000 members in 1960 is taking shape.

The campaign will be sparked by 10 area membership chairmen and a "committee of 100," composed of association leaders who will assume responsibility for promoting association membership among field men in companies they represent.

NALU's 1960 membership slogan is "Let's Go Like 60 in '60—NALU's 'Homecoming' Year."



***American Health Insurance**, like its present agencies, is growing on a planned progression program. In 13 other states it has built outstanding agencies—Ohio is next—and as elsewhere, we expect to do a good job and a big one.

Do you belong in our picture? Your most valuable asset—to yourself and to us—is your local reputation. We know, from our background of 20 years of sound, specialized experience, that people like best to do business with a home town business man. To be an American Health Agent you must fill that bill—with enthusiasm, integrity and diligence.

The company and agent who specialize in personal and family insurance serve the public best. By specializing, the company can give its policy owners better value, better coverage, better service. As a specialist, the agent can develop his professional skill, with sufficient time devoted to administering service. American Health seeks substantial volume at a limited, carefully selected number of points—where local service can be provided thru local agents who serve the company faithfully and the public honorably. Only under these conditions is the cost of good local service justified.

If you desire a professional career in business for yourself, this is a unique opportunity. With thorough training, with full company support, and with personal application you can give the amount and quality of service to find a successful and profitable career. Your career will be based on satisfied policy holders.

***American Health sets a pattern**—in designing its coverages, in establishing its rates, in its underwriting methods—that permits the local

Managing Agent (who is the company in his territory) to pay claims on the spot promptly and without red tape. Any informed agent is fully aware of the importance of prompt claim payments to the growth of his business.

If you are the kind of agent we are seeking, you'll be delighted to find that American Health is your kind of company. You'll want to learn more about the very special opportunity we have to offer now . . . in Ohio.

"Where there's a will there's a way." Write for our booklets, "The American Health Story" and "Automatic Progression Program." A sound, secure, profitable career is available to the man who has the will . . . for here is a way. Write direct to Agency Department, AMERICAN HEALTH INSURANCE CORPORATION, 300 St. Paul Place, Baltimore 2, Md.

Our representative will be in Ohio in the weeks ahead. Inquire promptly so that you may be included in his plans.

*A specialist insurer with a reputation for integrity.



It makes sense to expect special results from a specialist in the field

Lincoln National Urges High Court To Reverse Appeals Court Decision

Lincoln National Life has filed a petition for a certiorari writ to the fifth circuit court of appeals, asking the Supreme Court to review the circuit court's decision in a suit brought by Mrs. Rosa Lee Roosth of Tyler, Tex., widow of Dr. Harold Roosth.

Lincoln National resisted paying a \$50,000 claim on the life of Dr. Roosth

on the ground that he knowingly made several false statements and misrepresentations of fact in his written applications for the insurance, "with intent to deceive the petitioner, which were material and were relied upon by petitioner in issuing said policy; and on the further ground that inasmuch as Dr. Roosth was not in good

health when said policy was issued and delivered, same was ineffective as a contractual obligation."

Jury Disagreed

The trial court permitted the case to go to the jury and after the jury failed to agree upon a verdict, the insurer filed motion that judgment be entered in its favor, in accordance with its previous motion for a directed verdict. The trial court did so but was reversed by the circuit court majority.

As reasons for granting the certio-

rari writ, Lincoln National said the decision of the appeals court has abridged the authority vested in the trial courts to direct a verdict where the evidence is so uncontroverted that reasonable minds cannot differ as to its effect; and in rendering such decision, the court of appeals has so departed from the accepted and usual course of judicial proceedings as to call for the exercise of the power of supervision of the Supreme Court.

Imposes Undue Burden

The company contends that if the circuit court decision is permitted to remain unchallenged as a judicial precedent, the major decision of the court of appeals places an undue burden upon the life insurance industry in that in consequence thereof the right of a life insurance company to rely upon the truthfulness of the representations made by the insured in the application for insurance is effectively nullified.

The brief goes on to point out that the appeals court decision is in direct conflict with other recent decisions of the same circuit in similar cases. Because of the circuit court's majority opinion in the Roosth case, the principles of law announced by the same court in the other similar cases referred to "have been cast into a state of serious confusion and uncertainty which is disparaging not only to the bench and bar, but also to litigants present and future, whose rights may be concerned with similar legal situations."

The brief states that the decision is also in conflict with decisions of other federal courts of appeals involving the same legal issues, and

(CONTINUED ON PAGE 26)

Playing Alone?



A lot of home office people at Minnesota Mutual never get a chance to play solitaire. They're never alone. Too busy working with agents out in the field, showing them how our formula for successful life insurance selling works.

Here's the formula: ✓ The right combination of *organized* selling methods
✓ Thoroughly proven presentations aimed at selling life insurance to fit *specific* needs
✓ Dramatic and convincing visual aids that

get a prospect's full attention ✓ A better-paying incentive contract for agents, incorporating an unusual combination of persistency fees for quality business.

With that formula our field force has put Minnesota Mutual into the top 4% in the industry. The "Star of the North" now has over \$2 billion of life insurance in force—the *second billion written in less than five years*—and we're well on the way to the third!

The **Minnesota**  **Mutual Life**
Insurance Company

Victory Square - St. Paul, Minnesota

L. J. Ackerman Sees Still Broader Market For Advanced Selling

For the first time in the history of the country, average family income has reached \$5,000, which means that a higher proportion of the population than ever before has discretionary spending and saving power. And this in turn, means new markets in new places, one of which surely will be a tremendous broadening in the area of advanced life sales.

This was the appraisal given by Laurence J. Ackerman, dean of the school of business administration of the University of Connecticut, to Citizens Life agents at a sales convention at the Concord Hotel in Kaimesha Lake, N. Y.

Reviews Population Growth

Mr. Ackerman reviewed population growth, predicted that the country's gross national product will be \$500 billion 10 years from now and related this growth to the future of the life insurance business.

Jack Hyman, Citizens Life president, discussed company growth during its two years in business and John A. Solomon, vice-president, outlined portfolio changes now being effected.

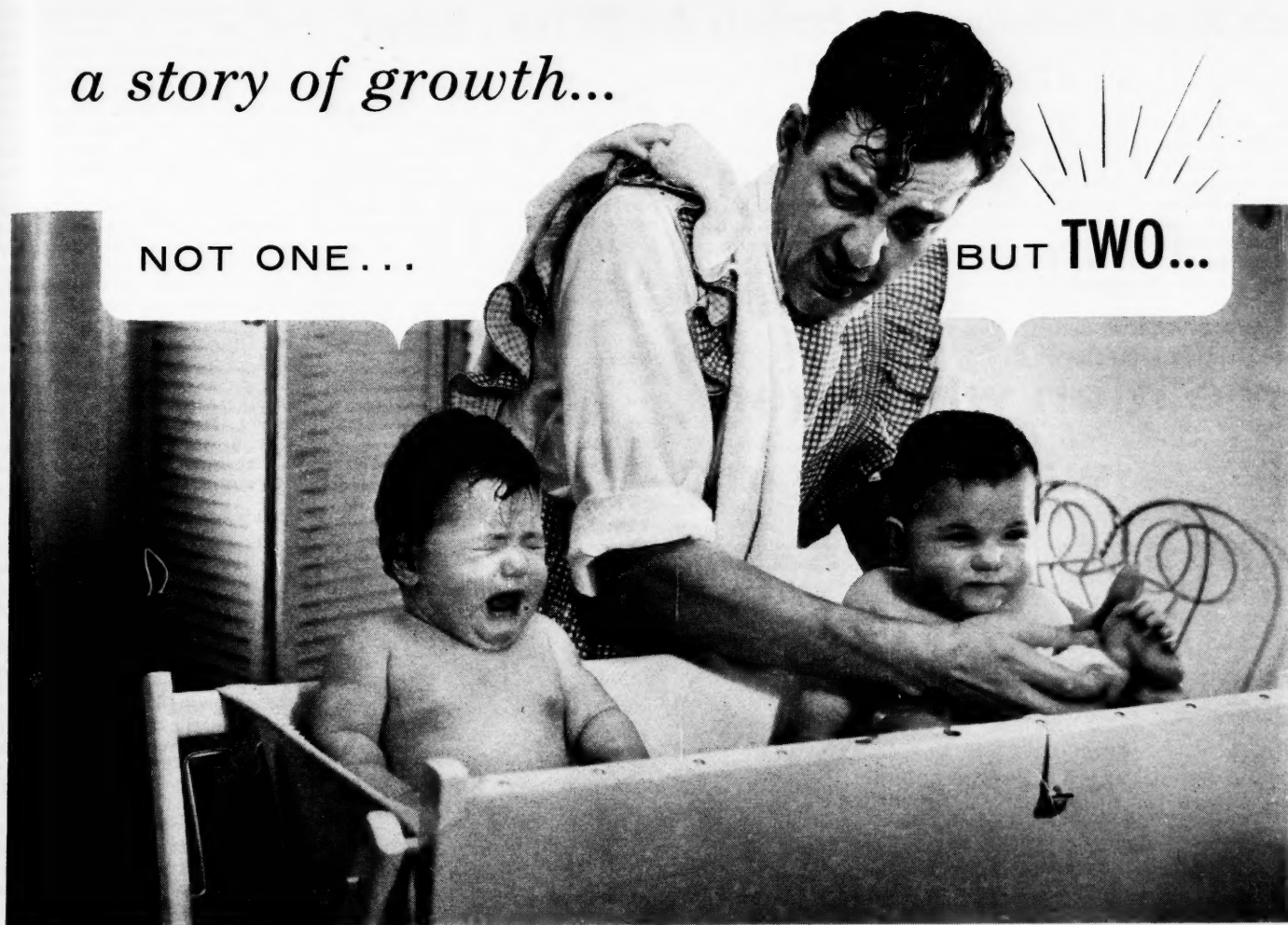
Dr. Manuel Rodstein, medical director evaluated the effects of high blood pressure on the aged and its significance in terms of life insurance rating.

Other speakers included Leonard Leveen, general agent at Syracuse, who spoke on the marriage of life insurance and mutual funds; Melvin Gold, actuary, who discussed the 1938 CSO table, and Charles E. Azen, superintendent of agencies, whose talk was titled "Sales Are Made by Salesmen."

a story of growth...

NOT ONE...

BUT TWO...



Now! Two Billion Dollars LIFE INSURANCE IN FORCE

IN SIX YEARS, FROM 1953 TO 1959, UNITED OF OMAHA'S INSURANCE IN FORCE HAS DOUBLED

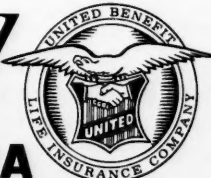
United of Omaha was the youngest life insurance company to reach one billion dollars life insurance in force in 1953. Now, United's insurance in force has *doubled*, placing United among the top life insurance companies in America.

This demonstrates dramatically the vigor and enthusiasm of this fast growing or-

ganization and the demand for United of Omaha's all purpose protection.

United has pioneered the 20-20 Cash Refund Plan and the Children's Plan, as well as numerous other competitive plans that have provided its agents with a completely modern, comprehensive array of plans adapted to every need of today's families.

United
OF OMAHA



UNITED BENEFIT LIFE INSURANCE COMPANY
N. Murray Longworth, President
Home Office: Omaha, Nebraska



BE FAR-SIGHTED... *join UNITED*

Find out now about United's lifetime career contract. With United of Omaha, you will profit by a unique continuing training program...a program geared to keep you learning more and earning more.

Research Shows Marketing And Products Are 30 Years Behind

(CONTINUED FROM PAGE 2)

subject and about what they have purchased.

The image of the agent as a professional adviser and not a salesman must be created, Mr. Gilman declared, even though his company does not write some of the policies the prospect needs.

Today, he said, the agent seems a very limited personality to the buyer. He represents one fire company, or

one automobile insurer or one life insurer. He should function more as a broker. He should recommend what the client needs as a fully insured entity—even if he can't deliver it all himself.

This is what the consumer wants. He wants to buy in one package, in one place. He wants to deal with one individual. This will drive many people into the arms of brokers, Mr. Gilman said, or it can result in a new

role for the companies and their agents. Perhaps a group of insurers could establish a central unit where a brokerage facility would prescribe insurance on a counselling service basis.

Amalgamation and merger of companies may be required, Mr. Gilman suggested. It is the way the consumer is going, and the companies will have to go in that direction or fall by the wayside.

some men will never want to go in business for themselves

Perhaps we should have said most men.

There is nothing wrong with this. Business organizations, large and small, need able men, and will pay for them. Many a man finds a fine and satisfactory career on another man's payroll.

But some men are so sure of their ability to make their brains pay them a direct profit—so impatient of the delays and compromises involved in working for somebody else—that they cannot rest until they are running their own business.

They save and scrimp to get the capital they need, and away they go. America needs these men. They are the yeast in the national bread.

It happens that they make good life insurance agents. It happens also that life insurance selling, which requires minimum capital, but a maximum of those important personal qualities, is a fertile field for these men—for these invaluable men of independent spirit.

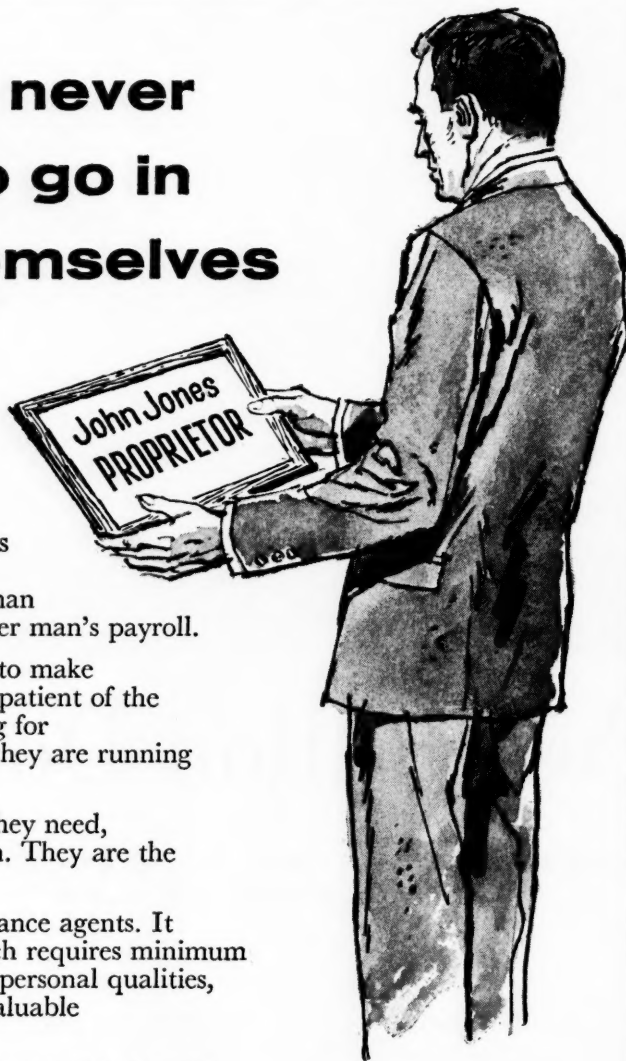
This company has built its sales and service organization of men who possess that spirit. It makes available to them a wealth of practical experience in meeting and solving the problems peculiar to the man in business for himself—problems in capital, know-how and market. It does everything in its power to help them succeed in their own right as independent small businessmen—in a country which needs independent small businessmen in larger numbers than ever before.

(This message by N/W National first appeared in insurance trade journals in 1945)

N/W NATIONAL
Life Insurance for *Living*



NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY • MINNEAPOLIS, MINNESOTA



The insurance business has been successful over the years by intuition, by education and by experience. But in the last generation or so the business has developed faster than the companies. The companies are going to have to run faster than they are today to keep even—and they are going to have to run like the devil to get ahead, he declared.

In introducing his topic, consumer attitudes toward insurers, Mr. Gilman noted that the study of behavior patterns has moved out of the laboratories and universities into business and industry—into the market place. It has been clearly shown that illogic, irrationality and lack of intelligence influence people in their decisions as much as logic, reason and intelligence. Consequently, it is important to find out what motivates them. This need has caused market research of this kind to develop into a flourishing business.

Man's Basic Quests

Basically, man is given to the quest (1) of sustenance, which includes food, clothing and shelter; and (2) of recognition or status, which is very important in the marketing of insurance, though it is being overlooked almost entirely by that business. Instead of talking about the consumer, companies talk about how wonderful they are, the number of water coolers they have, their size and age, and how rapidly they pay their claims.

Another quest of man is (3) security, which is a quite important motivating factor, not only as a physical matter but also throughout the whole area of sensual perception. Man also seeks (4) an insurance policy but broadly, as a need of the individual to fit himself into his society and perform a needed function.

Direct questions will not reveal how people are motivated by these factors, Mr. Gilman said, because when persons are asked a logical question they give a logical answer, "which is stupid." Egotistically, the person has to appear rational, intelligent and logical. His interest is in himself and how to get off the spot where the question has placed him. This ego-enhancing factor causes people to shade the truth.

Intangible Product

The investigator has to use diagnostic analytical techniques in the marketplace, he advised. Insurance is an intangible product. It has no smell, feel or weight. It can't be ridden, lived in, or used to wash with. It is meaningless unless it is presented in an emotional package.

He said his firm has discovered that insurance is, however, a product like any other. If the business is to be successful in marketing it, that product must meet the needs and expectations of the buyer. It must also meet the social and economic climate of the times.

His studies indicate also that insurance is a product of yesterday. It is oriented to the past at a time when the buyer demands a product of today with a promise of tomorrow in it. Even with the improvements that have been made in the insurance product recently, including packages, and even with those improvements companies have in the planning stage, the product still reflects the concepts of yesterday.

There is a crying need for the kind of approach to an insurance product which will interpret the major developments of western society, he declared. One is that man is beginning

ss has been realized that the satisfaction of physical needs is not enough. Products must have a functional use. But there are also psychological needs they must meet because people buy on the basis of their dreams and hopes as well as their functional needs.

The marketing test for insurance has been and still is the location of a prospect with a need and the ability to pay. But the results of this procedure are very far from perfect, Mr. Gilman noted. A statistical measurement of the market deals with only one phase of the matter and overlooks entirely the prospect's psychological need.

For example, he said, it has been clearly shown that there are a certain number of natural prospects for \$50,000 of straight life insurance. Yet the combined efforts of all the life insurance companies and agents of the country has left 53% of this number untouched and of the other 47%, most have purchased insurance ranging from \$2,000 to \$5,000.

The record is no better in property and liability insurance, Mr. Gilman pointed out. Only 18% of households carry theft insurance in the face of rapidly mounting losses from this cause. Five percent of families have no insurance of any kind.

Men are beginning to realize that reporting the facts of any market potential vastly inflates the possibilities of it except for basic necessities. The insurance business needs to apply a third measure which is not reflected in any statistical data. This is, he said, the psychological index, or the emotional rapport of the individual with society. The index can be expressed in the individual's reaction to products, and in his reaction to a new product which comes along to replace that product.

This is not, Mr. Gilman believes, economic waste but modernization of product to keep ahead of the consumer instead of allowing it to fall behind the consumer.

By talking with consumers in what

he termed "a living room atmosphere," the psychologically trained interviewer can find out what the individual thinks of insurance—and has done so. The individual says that insurance companies don't solve his problem—they are just trying to sell him something without understanding his problem.

The only way to reach this individual is for the company's product and the agents who merchandise it to understand his self interest as a consumer, Mr. Gilman stated. With present methods, the companies and their agents may be building a wall between him and their product. The business needs to go into the market place and take the temperature of the moral, social and cultural climate, and the changes it is undergoing.

It has been found that consumers firmly believe the insurance companies haven't changed in 30 years. They cite new forms of living and government that have been developing in that period to illustrate their point. People are receptive; they will listen to what the business can do for them, if the message is oriented away from the company and the agent toward the buyer.

Can Be Most Salable Product

Insurance can be the most salable of all products, he believes. But it is not enough to offer more per policy. The need is to sell not only protection but a way of life as well. Yet precious little is being done by the business to predispose people to think favorably of insurance.

One of the things Mr. Gilman's firm has found in its studies is the importance of providing the consumer with a mental rehearsal of purchase before he buys a product. The mental rehearsal for purchase is important in insurance but must be done in a new and different form that is psychologically acceptable. Mental rehearsal for the purchase of a washing machine, house, automobile or bar of soap is a promise which can be redeemed. The buyer can use it and take pleasure and satisfaction from his purchase. But the insurance purchase can be redeemed only in moments of disaster. Therefore, a new frame of reference must be developed.

The effort is to sell a specific insurance or a specific company when the consumer is not yet ready to buy because he doesn't understand what insurance does or can do for him, Mr. Gilman declared. For the consuming public generally, except for a few giants, there is no distinction between one company and another. Companies must develop individual personalities. Companies have them. Either they have a personality they create, or negatively, they have what the public thinks of them, which may be nothing at all. Almost all insurers are faceless entities to the insurance user.

He cautioned the companies that page after page of insurance advertising in Life magazine, for example, is not going to solve the problem. For however valuable a theme may be, the fact that two or three companies are using it in a similar way causes consumer confusion. It produces in the consumer a feeling of saturation but no clear picture of what any individual company has to offer. He is left, Mr. Gilman said, with "a misery of choice."

Won't Solve The Problem

Miss Eichenberg is named Head Of NALU Women's Unit

WASHINGTON, D.C.—Hedwig L. Eichenberg, Kansas City Life, Kansas City, has been appointed chairman of NALU's committee of women underwriters.

Miss Eichenberg was membership chairman for the committee in 1958-59, is a member of Women Leaders Round Table, and has served on several other NALU national committees.

Miss Eichenberg is named Head Of NALU Women's Unit

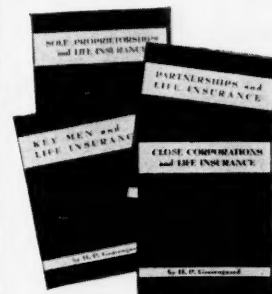
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H. P. Gravengaard
"The Man Who Started Business Insurance On The Way Up."



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- "Key Man and Life Insurance"

Mr. Gravengaard, Vice President, National Underwriter Company, and Executive Editor, Diamond Life Bulletins Department, writes from background of broad training and successful field experience. He attended Harvard Law School and Graduate School, sold life insurance at the rate of over a million his first year, established Aetna's training department, was General Agent sixteen years for Aetna and New England Life, is internationally known authority and speaker on life insurance, and author of many other books, articles and selling aids.

ILLUSTRATED SALES BROCHURES

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Now in 17th annual printing, Gravengaard Business Text Books and Visual Selling Brochures are the most successful business publications ever printed. Their enthusiastic users are life underwriters, MDRT members and aspirants, General Agents, Managers, home office executives, attorneys, trust officers, accountants, university teachers and librarians. They are standard training material in many leading companies, agencies and universities.


It is matter of record, that all who use these publications achieve rapid success in the lucrative field of Business Insurance (statistics show that about 60% of American business still is without Business Life Insurance)! With help from the Gravengaard Text Books and Brochures, it is as easy to sell Business Insurance as it is personal insurance. Better order your supply today. Simply use handy coupon below.

To: THE DIAMOND LIFE BULLETINS, Department of
The National Underwriter Company, 420 East Fourth Street, Cincinnati 2, Ohio
PLEASE SEND ME:

- Packages of 4 Text Books and 4 Illustrated Sales Brochures (1 pkg. \$9., 10 pkgs. \$7.60 ea. pkg., 25 pkgs. \$6.80 ea. pkg., 50 pkgs. \$6.20 ea. pkg., 100 pkgs. \$5.60 ea. pkg.)*
- Sets of 4 Textbooks. (1 set \$5., 10 sets \$4.40 ea. set, 25 sets \$4. ea. set, 50 sets \$3.60 ea. set, 100 sets \$3.20 ea. set.)*
- Sets of 4 Illustrated Sales Brochures. (1 set \$4., 10 sets \$3.20 ea. set, 25 sets \$2.80 ea. set, 50 sets \$2.60 ea. set, 100 sets \$2.40 ea. set.)*
- Ring Binders (will hold 4 Text Books or 4 Brochures—\$1.25 each).

*Less in Larger Quantities — Imprint Prices upon request.

Company _____
Street Address _____
Name _____
City _____ Zone _____ State _____

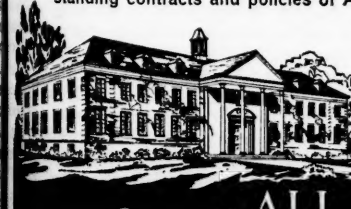


ALL AMERICAN

LIFE & CASUALTY COMPANY BELIEVES...

"You should have policies designed to meet the 'wants' of your prospects".

Why not investigate **NOW** one of the most talked about companies in America and learn the startling facts about Democracy in action—through the outstanding contracts and policies of All American Life & Casualty Company.



WRITE:
Mr. E. E. Ballard, President, All American Life & Casualty Company, All American Building, 505 Park Place, Park Ridge, Illinois.

ALL AMERICAN

Life & Casualty Company CHICAGO, ILLINOIS

General Offices, ALL AMERICAN BUILDING, PARK RIDGE, ILLINOIS

Overinsurance Labeled A&S Industry's Most Troublesome, Untended Problem

In no other field of insurance is there as serious and untended a problem as is overinsurance in the A&S business, Stanford Miller, vice-president Employers Re, told the individual insurance forum of Health Insurance Assn. at New York.

Mr. Miller was moderator of a panel on overinsurance dangers. Other panel members were Francis W.

Evans, director of A&S underwriting Prudential; Robert Finley, 2nd vice-president Washington National; Howard LeClair, vice-president Mutual of Omaha, and James V. McCarthy, superintendent of group underwriting Zurich.

Mr. Miller described overinsurance as "the carrying of insurance for speculative purposes rather than for

indemnification against loss," adding that the problem shows promise of becoming even more serious than it already is.

"It does not seem to me," he said, "that we are doing enough about it; and furthermore, what some companies are attempting to do is being hampered by state regulatory controls, especially in the individual field, where efforts to establish controls are being frustrated by outmoded rules and regulations."

Mr. Miller divided the implications

of the overinsurance danger into three categories—uncontrollable increase in loss ratios, a deterioration in public good will and an adverse effect on relations with the medical profession.

Mr. Evans, who related overinsurance to sales, said it appeared that agents were in the habit of selling A&S coverage on the philosophy that "you can never have too much." He said he didn't believe agents are consciously overselling a bad risk, but that it was evident to him that this philosophy can begin the problem of overinsurance.

Mr. Finley, also talking about sales referred to a survey he conducted among nine companies, noting that one reply pointed out that much of the overinsurance problem results from selling inadequate coverage in the first place. The insured with adequate coverage is less likely to be tempted to buy additional coverage beyond the point of his needs.

Influence On Claims

Mr. LeClair emphasized the influence overinsurance will have on cost and Mr. McCarthy discussed its relation to salary continuance.

In other portions of the forum program, Frank O. H. Williams, vice-president and director of Connecticut General, said that young people see what he called, "an anemic image" when they consider the insurance industry as a business way of life.

"The saddest part of this image is that it in no way conveys a true impression of the many challenges and the wide variety of opportunities that our business offers them," Mr. Williams said.

Four-Point Program

He forecast that the competition by industry for the services of talented, ambitious young people would become even more intensified in the future. He said the insurance business should better prepare itself for this competition and suggested a four-point program the industry could follow—emphasizing at every opportunity the important social purpose insurance establishing activities or projects that will show young people the wide variety of opportunities and challenges which can be found in the insurance field; devoting more effort to improve the caliber of men already selected and to pay greater attention to helping them with their self-development and to giving them opportunities that offer real challenges; and encouraging wide, but balanced participation in community, civic and political activities.

Education And Training

Charles E. Stevens, assistant secretary Indemnity of North America and Life of North America, discussed effective education and training of personnel.

Carl A. Ernst, director of the A&S department of North American Life & Casualty, said the A&S agent has a primary duty to provide coverage for a client's basic income against the financial hazards of permanent disability.

Latest developments in four areas of health insurance were discussed in the panel "Have You Heard?" which was moderated by Peter J. Burns, assistant vice-president New York Life. Other panel members and their topics were Christopher J. Cox, director of A&S North American Reassurance, substandard; A. M. Hansen, 2nd vice-president Mutual of Omaha, senior citizen; Carroll J. McBride, secretary of the accident department Travelers, major medical, and George F. Monks, manager of A&S claims New York Life, claims.



This was Wall Street...when Selig Kling became Guardian's First Policyholder

On July 17, 1860, the day after The GUARDIAN opened its first office at 90 Broadway, corner Wall (the corner building on the left side of the illustration), Selig Kling, "segar merchant" of 284 Gates Avenue, Brooklyn, purchased GUARDIAN Policy No. 1 for \$3,000.

In 1863, for an additional premium of \$15, Mr. Kling's policy was amended to permit him to take a voyage to Cuba. This was a liberal dispensation for those days, since rigid restrictions banned summer travel to even our own Southland, such was the fear of tropical fever.

Mr. Kling died on September 5, 1872, and his wife Rosalie duly collected \$3,636.36, representing the full amount of the policy, plus accumulated dividends. Mr. Kling had paid in a total of only \$1,157.52.

Since 1860, The GUARDIAN has extended its protection to hundreds of thousands of policyholders—distinguished

people in every walk of life, but especially to that vast segment of the population who, like Mr. Kling, never get their names in the newspapers. This service includes life insurance benefits at reasonable rates to many with physical impairments and hazardous occupations.

Now in our one hundredth year of service to American families, we are offering the most attractive policies in our history. One of these contracts is our "Preferred Risk 60" which offers (1) substantial protection while the children are growing up; (2) accumulation of high cash values for emergencies and opportunities; (3) an end to paying premiums after age 60; and (4) another source of retirement income for later years.

Have a talk with your local GUARDIAN representative or broker. Find out how you can benefit from GUARDIAN's century of experience in serving American families.

The GUARDIAN Life Insurance Company OF AMERICA

A Mutual Company • Established 1860

50 UNION SQUARE, NEW YORK 3, N. Y.

(The first of a series of ads in the SATURDAY EVENING POST, NEWSWEEK, TIME, and NEW YORK TIMES)
SUNDAY MAGAZINE, marking GUARDIAN'S Centennial in 1960.

Why Companies Will Fight Tax On Tax-Exempt Bonds

(CONTINUED FROM PAGE 6)

balance subject to tax, as follows:

	Part of Income Jones's Total Income	Applicable to Deductions	Balance Subject To Tax
Tax exempt income	\$ 2,000	\$ 500	\$1,500
Ordinary income	10,000	2,500	7,500
Total income	\$12,000	\$3,000	\$9,000
Tax exempt income other- wise subject to tax			1,500
Total income subject to tax			\$7,500

Only \$1,500 of the "tax exempt" income ever appeared in the right hand column, and that amount is fully deducted. So, they reason, there can be no tax on tax-exempt income.

Tax-Exempt Income Boosts Tax

Industry experts opposing the Treasury point out that Jones would pay tax on more of his earned income, merely because he received some tax-exempt income. They add that the Supreme Court has previously blocked the Treasury's attempt to tax more of a life insurance company's earned income merely because it received some tax-exempt income (National Life vs. S.). Although this case did not involve proration, they cite another case in which the Supreme Court threw out the proration concept (Missouri vs. Gehner). They make the additional point that a company's tax is increased by the acquisition of additional tax-exempt income, even though no other statement items are changed.

Most important, they say, is the clear intent of Congress not to place tax on tax-exempt interest. Not only was this clearly stated in the report of the Senate finance committee (p.17), but its chairman made a similar statement on the floor of the Senate (Cong. Record May 19, 1959, p. 7542). Most interesting of all is the provision in the law, inserted by the Senate, which reads (Sec. 804 (a) (6):

Adjustment Is Specified

"If it is established in any case that the application of the definition of taxable investment income . . . results in the imposition of tax on any interest which under section 103 is excluded from gross income . . . adjustment shall be made to the extent necessary to prevent such imposition."

They conclude that the Congress must have had the existing case law in mind when it inserted the exception clauses and that life insurance company taxpayers who insist that the Treasury give meaning to the "exception clauses" should expect to be up-

held in the courts.

They hasten to add, however, that the litigation process will be more orderly if companies pay their tax as the Treasury requires and await further developments before filing their claim for refund.

How did the matter become so confused? One explanation is the apparent change in Treasury's position as to whether proration really does place a tax on tax-exempt interest. During the Senate finance committee hearings

the chief Treasury spokesman was asked by a committee member, "Why do you tax that (tax-exempt) interest even partially?" to which he replied, "Because we think it is right."

During this same discussion the Treasury spokesman volunteered, "I think this question might very well be litigated." (p. 43 hearings before the committee on finance). Later, when the committee made it clear that they did not wish to impose such a tax, the same Treasury spokes-

man concluded that "we cannot envision a situation in which the operation of the proposed tax formula would result in the substantive imposition of tax on municipal bond interest . . ." in a letter to the committee chairman (Cong. Record May 19, 1959, p. 7543).

Some industry men have expressed a hope that the Treasury might publish regulations consistent with its original position, with the Supreme Court decisions, and with the stated intent of Congress, which would implement the "exception" clauses and remove the pall of doubt concerning the status of tax exempt interest.

NEW LOWER ANNUITY RATES . . .

We simply invite you to compare these rates with those of any other company:

SINGLE PREMIUM FOR \$10 MONTHLY INCOME

LIFE ANNUITIES

		Age 45	Age 55	Age 65	Age 75	Age 85
NON-REFUND	MALE	\$2,497	\$1,996	\$1,472	\$ 986	\$ 598
	FEMALE	2,724	2,239	1,684	1,139	683
INSTALLMENT REFUND	MALE	2,614	2,176	1,715	1,284	920
	FEMALE	2,790	2,352	1,866	1,398	990

JOINT SURVIVORSHIP*

NON-REFUND	2,944	2,485	1,940	1,376	872
INSTALLMENT REFUND	2,953	2,514	2,011	1,513	1,076

*Figures quoted assume male and female same age.

PHOENIX MUTUAL LIFE INSURANCE COMPANY
of Hartford, Connecticut

State Mutual Sales Gain 30% In First 10 Months

State Mutual Life's total sales for the first 10 months were \$341,461,000, a 30% gain. Group sales for the 10-month period were \$157,705,000, a 53% increase, and for October were \$49.5 million, a record. Total annualized new group premiums increased 162% in October.

Individual life sales in October were more than \$23,860,000, up 30% and a company record, and for the first 10 months were \$183,756,000, a gain of 38%. A&S sales showed a 56% gain during the first 10 months.

First United Life has formed a committee to select the outstanding boy and girl from Chicago and Gary areas to receive the company's youth achievement award.

Editorial Comment

The LIAMA-LUTC Consumer Survey

The \$200,000 consumer-attitudes survey on life insurance by LIAMA and Life Underwriter Training Council, announced last week at the annual meeting of LIAMA, looks like something of the very top importance to the business.

The project promises to unearth an unprecedented amount of data—in fact, the problem will be to interpret the data soundly, so as to prevent the over-enthusiastic from jumping at all of the different conclusions which the survey results will doubtless seem to support. Fortunately, skilled interpreters will be on the job to see that only the reasonable conclusions are given the stamp of authenticity and that others are accompanied by adequate warnings on their unreliability.

Just as an obvious example, due allowance has to be made for the normal person's tendency to make himself look good in answering an interviewer's questions. The classic example of this, of course, was the famed consumer-attitudes survey conducted a few years ago by the Chrysler Corp. From this survey it appeared that the public wanted good, substantial, functionally designed cars with plenty of headroom and with clean lines uncluttered by chrome or excrescences. The public then went out and bought be-chromed, be-finned juggernauts with roof-lines so low that they knocked your hat off when you got in, saving you the trouble of taking it off because there wasn't enough room to wear it in the car, anyway. Chrysler quickly reversed its sales trend by out-chroming and out-finishing the competition, after learning that what the public says isn't necessarily what the public means.

That is why consumer surveys have to be expertly designed and expertly interpreted if they are to have any practical value. It can be safely stated that everybody connected with the LIAMA-LUTC survey will be operating with complete awareness of the perversity of the human beings they'll be dealing with.

In announcing the survey at the

LIAMA meeting, Managing Director J. Harry Wood asked, "Do we know the kind of selling the buyer likes best? The kind of agent?" That one field alone has a potential so tremendous that it is hard to imagine a limit to where it could lead.

For example, there may or may not be a positive correlation between the kind of selling a buyer likes and the kind of selling that gets him sold and keeps him sold. The survey will doubtless show this up, and thus point the way to doing more of the effective kind of selling, the kind that would combine the best features of what the buyer likes and still not give up the features that sell him and keep him sold.

Even more dramatic are the possibilities of determining what kind of agent can be expected to be most effective. Here again, it will probably turn out that the best agent is not the fellow that the buyer "likes," because the likeable agent would probably be the one that doesn't get the buyer sufficiently concerned to do something adequate about taking care of his obligations.

But it could well turn out that a more effective breed of agents could be evolved—one with the drive of the hard-hitting go-getter but embodying as many of the "likeable" agent's traits as would not diminish sales effectiveness.

The survey could disclose much that would be of great value in matching up agents with markets. Unquestionably, many agents miss success by insisting on operating in types of markets that they are ill suited for—even though these same markets may be excellent for a different type of agent. This is a widely observed phenomenon, but far more could be done about it with the help of facts and figures from a survey to point the way toward what ought to be done to correct it.

Perhaps most important of all, this survey could well be an important step toward greatly increased accuracy in predicting the success of men under consideration for hiring as

agents. Much improvement has been made, but vastly more needs to be made if agent turnover is ever to get to a level that the industry can regard without concern.

Not the least gratifying feature of the LIAMA-LUTC survey is that the first major report on it is expected by mid-1960. It will not be necessary to wait for years, as is necessarily the case in some types of research. Whatever the findings, they are certain to be greeted with the most intense interest throughout the business.—R.B.M.

Personals

James E. Rutherford, vice-president in charge of the Chicago regional home office of Prudential, has been appointed vice-president of the community development division of Chicago Assn. of Commerce & Industry. He has been a director of the association since 1957.

Guilford Dudley Jr., president of Life & Casualty, has been awarded an honorary doctor of laws degree by Cumberland University, Lebanon, Tenn.

Deaths

JAMES E. WALL, a director of Berkshire Life since 1942, died after a long illness. Mr. Wall was also president and treasurer of Wall-Streeter Shoe Co. of North Adams, Mass.

GEORGE M. SELSER, 59, vice-president and secretary of United States Life, died at Orange, N. J., after a short illness. He started in insurance in 1916 with Manhattan Life, later going with the former Brooklyn National Life and, when that company was consolidated with United States Life, he joined the latter as assistant secretary. He was elected secretary in 1939 and a director in 1940. He was an organizer of Philippine-American Life and during World War II opened and for two years operated an office of issue in Honolulu for United States Life. He was largely responsible for reactivating United States Life's Latin-American division a few years ago.



George M. Selser

SELDEN LONGLEY, 43, general agent of Franklin Life at Nashville, died suddenly of a heart condition. He was also former head of Longley & Co., adjusters. Mr. Longley, a non-practicing lawyer had earlier in his career been with Travelers at Louisville.

ROBERT F. HARRISON, 39, general agent and manager of administration for Occidental Life in California, died. He joined Occidental in 1946, was named assistant agent in 1951 and elected assistant controller in 1957.

SAMUEL M. FINKLE, 53, Metropolitan Life agent at Chicago, died in Mount Sinai Hospital. He was a president of West Suburban Life Underwriters Assn., a unit of the Chicago association.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. La Salle St., Chicago, November 17, 1960

	Bid	Ask
Aetna Life	81	82
Beneficial Standard	16 1/2	17
Business Men's Assurance	40	41
Cal-Western States	113	114
Commonwealth Life	21 1/2	22
Connecticut General	358	360
Continental Assurance	142	144
Franklin Life	77	78
Great Southern Life	86	87
Gulf Life	24	25
Jefferson Standard	97	98
Kansas City Life	1440	1450
Liberty National Life	63	64
Life & Casualty	23 1/2	24
Life of Virginia	48	49
Lincoln National Life	229	230
National L. & A.	107 1/2	108
North American, Ill.	15 1/2	16
Nw. National Life	96	97
Ohio State Life	300	310
Old Line Life	70	71
Republic National Life	70	71
Southland Life	94	95
Southwestern Life	161	162
Travelers	81	82
United, Ill.	47 1/2	48
U. S. Life	40 1/2	41
Washington National	57	58
Wisconsin National Life	42	43

'Meet Mr. Lincoln' Re-Scheduled For TV

Lincoln National Life will again bring to television the award-winning "Meet Mr. Lincoln" drama in response to requests from all parts of the country, according to a company release. It will be presented over the NBC network at 9 p.m. (EST) Feb. 11.

"Meet Mr. Lincoln" was hailed by critics and educators as one of the most unusual and interesting documentaries on television when it was presented last February and its sponsorship by Lincoln National Life resulted in numerous congratulatory letters and complimentary reviews. Included in the awards following the original showing were the Robert E. Sherwood award and a TV Emmy. Also, the film was selected as the only U.S. network television exhibit at the Prix Italia Awards at Sorrento, Italy.

"Meet Mr. Lincoln" is a portrayal of Abraham Lincoln as his contemporaries saw him. Its creators employed a wealth of Americana never before tapped for television. They also used a novel camera animation technique that gave movement and flow to century-old still photographs, prints, posters and drawings. In its first showing, the film drew a Nielsen rating of 30.7, representing an estimated audience of 35 million people.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper
of Life and A&S Insurance



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SUBSCRIPTIONS: 420 E. Fourth St., Cincinnati 2. \$7.50 per year (3 years, \$20); Canada \$8.50 per year (3 years, \$23); Foreign \$9 per year (3 years, \$24.50). 30 cents per copy, back copies 50 cents. **CHANGE OF ADDRESS:** Enclose mailing wrapper and Post Office form 3579 with new address, and allow three weeks for completion of the change.

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500 Salute Becker Of Franklin At Birthday Luncheon

(CONTINUED FROM PAGE 1)

Charles E. Becker Day in Spring-
field as proclaimed by Mayor Collins.
A crowd of more than 500 business
and civic leaders, high-ranking state
government officials and Franklin re-
gional managers and personnel over-
saw the auditorium and adjacent
dining rooms. A number of telegrams
and letters from those who couldn't
make it were read, and among the
well-wishers were President Eisen-
hower, Sen. Lyndon Johnson of Texas,
Gov. Daniel of Texas.
Speakers acknowledged the com-
pany's outstanding achievements un-
der Mr. Becker and his role in com-
munity affairs. He received many
honors in the form of gifts, toasts and
proclamations. These ranged from a
solid gold golf putter presented by
Executive Vice-president Francis J.
Bodinger on behalf of the field force
enrollment in the Anti-Superstition
Society. Other awards were a silver
ray from the citizens of Springfield,
an appointment by Gov. Stratton as an
honorary colonel on the governor's
staff, a certificate of honorary mem-
bership in the Illinois house of repre-
sentatives from Speaker of the House
Powell, and a football from National
Football League Referee Ronald Gibbs,
who made the presentation on behalf
of Mr. Becker's late friend, Bert Bell,
league commissioner.
In his remarks to the gathering, Mr.
Becker commented on the company's
growth in the last 20 years—from \$177
million of insurance in force and 250
agents in 1939 to the present \$3.5 bil-
lion and 3,500 agents. He revealed that
Franklin plans to erect a substantial
addition to its home office in the near
future. The addition would be of sim-
ilar size and design as the two 12-story
buildings which the company has built
since 1946.
**Bankers Life, Ia., Up
\$43 Million So Far**
New business of Bankers Life of
Iowa for the first 10 months totaled
\$31,778,690, an increase of more than
\$3 million for the year to date. Of
this total, ordinary was \$236,636,136
and group, \$155,142,554.
For the month of October, new
business amounted to \$30,027,438 with
ordinary totaling \$21,580,723 and group
\$8,446,715.
Total life in force reached a new
high total at the end of the first 10
months of \$3,509,002,612.

HEW Talk Of Review On Stand On Forand Disturbs A&S Men

(CONTINUED FROM PAGE 1)

the secretary as saying, "unless wel-
fare officials are able to come up with
a substitute, the administration might
have to review its position on the
principles of the Forand bill."

Modification Less Likely

If that is an accurate quotation of
Mr. Flemming's remark, he obviously
is less ready to modify his previous
position than it would appear from the
report that Mr. Neal questioned.

On the other hand, Mr. Flemming
is faced with meeting in the next cou-
ple of months a commitment he made
last summer. During a hearing before
the House ways and means committee,
the secretary told Chairman Mills
that the administration was opposed to
Forand-type bills and that he would
present to the committee a specific
alternative program when he came
back before it sometime in January.

In other parts of his statement, re-
leased this week along with a report
on the President's federal council on
aging, the secretary indicated the dif-
ficulty his agency has been having
with the problem and admitted that
he has been thus far unable to come
up with any alternative to the Forand
type of legislation.

"We've been trying to take a look
at the voluntary insurance approach,"
he said, "but up to the present time
we haven't come up with a plan to
supplement voluntary insurance pro-
grams."

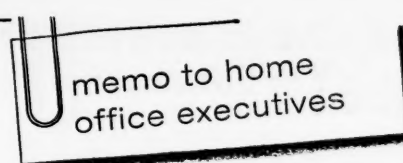
It was at this point that the secre-
tary is supposed to have said HEW
is reviewing its former position on
Forand legislation.

No Ultimatum

While not indicating the least sup-
port of it, Mr. Flemming was quoted
as saying that another approach
might be "for the federal government
to go into the insurance business."
He emphasized, however, that he was
not trying to serve an ultimatum on
the private insurance companies, but
he said his department must provide
an answer to the problem of helping
older persons meet the burden of ris-
ing medical costs.

"We can't stand idly by in the face
of need," he declared.

Sentry Life, a wholly-owned sub-
sidiary of Hardware Mutuals which
started in business Jan. 1 of this year,
now has more than \$45-million of
insurance in force.



One Good Way To Keep Good Agents Happy

We believe a good agent is happiest with the company
best able to accept all the business he has worked hard to get.
No company likes to turn business away, or disappoint
its producers, by rejecting substandard applications. And it's
often unnecessary, because many "borderline" cases can be
successfully written, if the company gets the *right*
underwriting help and gets it *in time*. This is precisely
what North American Reassurance Company provides.

We are in life reinsurance exclusively, with hundreds of
life company clients depending upon us for superior
underwriting assistance. Because of our unusual depth of
experience in underwriting substandard business we
are usually able to determine immediately whether or not a
difficult case can be successfully written. Of course,
we will share the risk or even take it all, if desired, at the
lowest rate obtainable commensurate with sound
underwriting. We can do the same for
you and your agents.

*Superior underwriting, and all our other
non-competitive services to life companies,
are outlined in our booklet, "Reinsurance
Exclusively". Why not write for your free
copy today.*



NORTH AMERICAN REASSURANCE COMPANY

161 East 42nd Street, New York 17, New York
Murray Hill 7-1870

Reinsurance Exclusively

LIFE • ACCIDENT & SICKNESS • GROUP

THEY LOVE IT IN WAXAHACHIE!

also in Azusa, Palm Beach, New York
City, Spokane, Santa Claus, Columbus,
North Platte and all points in between!

BALANCED SECURITY

It's been on the market about 15 months
now—and we're confident that never be-
fore has a programming tool received
such instant and wide acclaim!

1. **BALANCED SECURITY CALCULATOR**—makes the mathematical calculations a breeze!
2. **SECURITY BALANCE SHEET**—anyone who can balance a checkbook will quickly understand it!
3. **SALES PRESENTATION**—tells "what to say" and "what to do."
4. **ANALYSIS SHEET**—to completely describe both presently-owned and proposed benefits.

Price, Complete Kit, 1—\$2.91; 2-9 Kits,
\$2.71 each.

information
inspiration
motivation

TO
HELP
YOU
SELL
MORE

RESEARCH & REVIEW SERVICE

of America, Inc.



HILBERT RUST, C. L. U. President
INDIANAPOLIS, INDIANA

Peoria Sales Rally Draws As Well As Ever, Some 500 On Hand For Educational Fare

(CONTINUED FROM PAGE 4)

responsibility to want to do something more. "We all have the same amount of time; motivation is what drives some of us to greater goals."

As to what the capital investment of CLU is actually paying, he suggested checking to see if average income had gone up. If so, the man is getting a yield from his capital investment. "If income stays the same after a man

becomes a CLU, he is creating an economic waste. Face the facts and find out if you have settled in an area of mediocrity despite your education."

There is always a point where a person can go either way, but when this point is reached, the motivating force will then be habits, he said. These habits may be good or bad and

will control the actions from there on. "There is yet so much more to learn and so very little time."

Mr. North said there are critics of CLU and wondered if they are justified in saying that: CLU's fail to meet the broad challenge and provide broad leadership; they are too self satisfied and keep aloof from association activities, or having attained the CLU designation tend to feel they have reached the top of the educational heap and just sit there.

"They should be anything but indifferent to association activities and

could do so very much for the business if they interested themselves in broader aspects," he declared, and advised the CLU's always to avoid being self centered, to broaden their interests, see the big picture and their valuable contributions to the problems which face the business.

"Criticism is all right unless we do nothing about it. There is need for great leadership. We must project our minds beyond ourselves. Waste in distribution of life insurance must be reduced or eliminated. There is a waste of time and effort in agency and company. How can we justify the great cost created by waste to the public?" Mr. North queried.

"If a man's capacity or circumstances beyond his control make him \$200,000 a year man, that is perfect all right. It is the men with great potential who refuse to attain greater goals who are in need of criticism," he said. The 3.9% of disposable income now going into life insurance has remained at about that rate for a great many years. It is obvious that we are not doing our job by a long way.

"Today we owe a debt to get our house in order to our industry and our nation. There must be provided some 20 million jobs by 1975 or the heritage we leave our children will be nothing but ruins. If we do not do the job, someone else will do it for us. We are designing the world in which our children and grandchildren are going to live. As CLU's we have a compelling reason to do a better job. The interests and well being of all of us are interlocked and inseparable."

Schriver Speaks On Ideas

Lester O. Schriver, executive vice president of NALU, in opening a general session, discussed the "Creation and Feeding of An Idea". Before beginning his talk he asked for a show of hands on the number of people in the business for less than two years and then asked for a show of hands of those in the business less than three years but less than three. The showing in both categories was about equal which Mr. Schriver called encouraging since it shows new blood is not coming into the business but staying there. He noted that "if you can break through the 'sound barrier', life insurance is the most satisfying job there is."

He quoted a number of long-time friends in the business and mentioned one in particular who said no man has any right to accustom his family to certain things in life and then die without providing for them. A man who dies without life insurance abandons his family and absconds with their support. The hallmark of civilized man is providing for his family after his death.

Traces Progress Of Ideas

Mr. Schriver went on to trace the formation of ideas as such and said that in the past two million years progress began only in the last ten thousand with the discovery of transportation and means of communication. When the came about, ideas began to be exchanged. When men began to communicate with each other the ideas began to originate. "Swapping thoughts, such as at this meeting marks the beginning of ideas," he said. "All of you are willing to share with each other. What is good for anyone here is good for the business as a whole."

Observe the needs of people in

*Northwestern Mutual's
point of view
makes a difference...*

**We believe that a
good agent deserves
the advantage of an
exclusive contract.**

NO ONE but a Northwestern Mutual agent can write Northwestern Mutual business. This type of exclusive contract is unusual in the life insurance business.

There are obvious benefits for the agent in such an arrangement. Foremost among them is the assurance that Northwestern Mutual protects its own agents. Only Northwestern Mutual agents can sell, offer or deliver Northwestern Mutual policies.

safeguarding tomorrow



THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
Milwaukee, Wisconsin

DISCOVER the DIFFERENCE



In 1895 Roentgen discovered a new kind of light capable of penetrating substances impassable by ordinary light. Because he didn't fully understand the nature of the ray he called it X-Ray.

In 1959 Security Benefit Life discovered a new method of underwriting capable of offering needed protection at acceptable rates to those previously denied. Because of its very nature we called it "Individualized Medical Underwriting". IMU is a flexible underwriting program designed to meet the ever-changing needs and demands of a discriminating public.

Why not "Discover The Difference" in your earnings by learning more about this revolutionary new concept in the underwriting of difficult cases.

Licensed in most states, Security Benefit is a sound, established, highly rated company, offering its representatives up-to-date policies, efficient Home Office cooperation, plus tested sales aids. We feel we are the Company with the DIFFERENCE—here's just a few reasons why:

- Top first year and renewal commissions for General Agents (Liberal vesting provisions)
- Exclusive substandard facilities for you and your brokers
- Lifetime Service Fee
- Disability income when sick or disabled
- Liberal retirement plan
- Office allowances

CAREER OPPORTUNITY

If you're like many alert life underwriters, you have been searching for the company which can help you make life insurance a career instead of a job without a definite future. At the present time we have many excellent opportunities available for men whose experience and ability qualify them for personal producing general agent responsibilities. If you feel that you can fulfill this challenging and rewarding opportunity, contact us today!

MARC F. GOODRICH, CLU

Assistant Vice President

Dept. 41

SECURITY BENEFIT LIFE
INSURANCE COMPANY Topeka, Kansas

ways the life insurance business can serve them, he advised. The man with ideas is not only able to observe but to understand what he observes, and from this comes the idea. There is also a difference in the capacity of individuals to see beyond the obvious. "To be a successful life insurance salesman, you must keep your eyes open and adapt to the needs of people."

As to how good ideas are kept alive, Mr. Schriver said one of the best possible methods is repetition. On a short drive recently he noted within 30 miles 87 invitations to "stop for the pause that refreshes" featured in Coca Cola advertising. He listed famous names and various types of products never heard of today because they did not keep repeating the idea before the public.

Before leaving the rostrum he told his audience that for the first time in a great many years the president of the national association had not been on hand to speak at the Peoria sales conference. But since the president—William S. Hendley Jr., Mutual of New York, Columbia, S. C.—was probably at that moment saying his marriage vows, there might be some excuse for his absence.

Pinch hitting for Mr. Hendley was Gerhard C. Krueger, Equitable Life of Iowa, Chicago, president of the Illinois association. He gave a rapid, comprehensive talk on the purpose of the state and national associations. He stressed that the Illinois association does not exist to dictate local association activities and has no jurisdiction in any disputes that they may have—except, on request, to arbitrate. Its jurisdiction lies only in seeing that there are no infractions of the by-laws.

Mr. Krueger gave a number of instances of practical accomplishments on behalf of the agents in which the national and state associations had been helpful, such as pension plans for the field forces; payment of renewals after an agent leaves a company; 55% commission on ordinary; changes in New York's law 213a relative to compensation for the combination agents.

All of these mean more money for the agent, said Mr. Krueger. He also mentioned CLU, LUTC; elimination of the premium payment test; exemption of interest tax under settlement options; new bills calling for recognition of debit agents as outside salesmen, which will save income tax; keeping savings bank life out of Illinois and putting the lid on group life with 20/40 limits.

For increasing the membership and effectiveness of local associations, he suggested adding to their executive committee one member to handle the collection of dues, etc.; hire an executive or corresponding secretary; decide on a public service program; pick membership chairmen carefully; find out who are not members and go after them; provide a follow-up on mail campaigns for members; everybody get a new member, and when introducing non-members at association meetings make sure the program is an excellent one.

Mr. Krueger advised the agents to fight the move towards more and more group business, "which is curtailing and undermining the individual market. The companies are trying to out-strip each other to inflate their ego and volume," he declared. "All of this striving for lower prices means low-

"What's new with the **GO** Company, Charlie?"



"ACTION, Herman, lots of ACTION...
Republic National Life is expanding its Agency program and opening up fabulous new opportunities for Brokers, General Agents, and Branch Office representatives."

For Information Regarding
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Assistant Vice President and
Director General Agencies

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Life • Accident • Sickness • Medical and Surgical Reimbursement
• Hospitalization • Group • Pension • Franchise • Brokerage • Plus Complete Reinsurance Facilities

er commissions. We must work harder and longer for the same dollar, while other industries are finding ways to make working hours shorter." He called for retaining group cover as a fringe benefit.

"Are we doing a job for the public or have we gone to sleep? We have the dollars for sale for future delivery and only we can guarantee financial and economic independence. Forget net costs and stop cheapening our product if we want to call ourselves true professionals. If we want to be truly professional, we must keep up

our education and return to honest sales based on the security of a family or a business."

Rene A. Dussaq, associate manager for Prudential at Los Angeles, who followed Mr. Krueger, practically had his audience in the aisles as a warm-up before he got into his talk on "Fear Is Wonderful." He pointed out that fear is a pressure but when applied in the right direction can be very valuable. He said since fear is such a great dynamic force it can be expressed positively or negatively and "the idea is to make it work for us.

The man who can evaluate his fears intelligently will come out ahead."

Mr. Dussaq advised that when fear provides momentum, to pursue that momentum and not to fear fear and cringe away from it. "Never get rid of this fear—harness and channel it. We are in a great period. You are lucky to be in the insurance business. We represent a great cause and must constantly renew our conviction of that cause and identify ourselves with it. Proper handling of our fears, no matter what they may be, is one of the ways to this end."

Sam A. Burgess, agency vice-president Equitable Society, spoke on "Bliss Off to Higher Sales." He said he knows no calling other than the ministry and medicine with more important than the life insurance business for its influence on people, or of any other business than life insurance brings greater satisfaction to the salesman than seeing the peace of mind and security it brings. Delivering a check that provides the means of orderliness in an upside-down world when the father and husband dies is always a thrill.

Gives Growth Statistics

Mr. Burgess gave statistics going back 38 years on the growth of life insurance. "This progress has been tremendous, but we have barely scratched the surface of providing cover for the public," he said. Although there have been many changes in the marketing and product designed to meet the needs of the public, the basic principles of life insurance are the same as ever.

The selling of life insurance is and is a highly individualized personal thing. The same need remains for knowledge and motivation to persuade people to plan for the future. Syphoning off surplus dollars that always come back as emergency dollars will never change. Complete faith in the business, self-discipline and integrity are as necessary today as they were 38 years ago, he declared.

Life insurance has ever been sold in response to certain basic needs—death, retirement, loss of employment—and although the changes have been great, the underlying needs exist today just as years ago. People still do the same things, he said.

Salesmen created the demand for the highest scale of living in the world which Americans now enjoy and one million salesmen of all kinds will be needed by 1970, "if we are to keep pace with the anticipated needs ahead," he said. The life insurance business must do more research and study as to more effective methods of attracting high caliber people. "The insurance agent stands at the very heart of our profession, and there must be improved company training programs further developed for new agents, as well as help for established agents in developing sales techniques."

Nightingale Speaks

The meeting was brought to a dramatic conclusion with a talk by Earl Nightingale, Chicago, who presented in part his moving philosophy of "The Strangest Secret." This talk has been recorded and has been selling at the rate of 3,000 records weekly. "The key to financial success is thinking about what is needed and finding the way to provide it," says Mr. Nightingale in his record, and gives a number of ways in which this philosophy applies.

Hobart M. Albright, New York Life manager, Peoria, vice-president of Central Illinois CLU chapter, presided at the CLU breakfast in place of President Frank R. Figg, State Farm, Bloomington, who had been hospitalized with a heart condition. Hayden R. Parker, Indianapolis Life general agent and president of the Peoria association, presided at the morning session, and Fred G. Holderman Jr., Equitable Society manager at Peoria, handled this function at the afternoon session of the "salescapade."

General chairman was Leonard B. Nelson, associate general agent, Lincoln National Life, and co-chairman was Frank Van Auken, Massachusetts Mutual Life.

Mr. Agency Builder:

STRIKE IT RICH!

You can "Roll a Strike" every time with Columbus Mutual's Agent's Contract, Induction Program, and Sales Packages—because your agents make money and you make money with:

- Top Commissions on Leading Par and Non-par Policy Contracts.
- Vested Renewals.
- Higher Lifetime Compensation in Service Fees.
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- Free Group Life Insurance.
- New Induction Program—completely flexible for new agents, established producers, and brokers alike.
- Profitable, success-proven Sales Packages.
- Practical, easy-to-use Visual Presentations.
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FOR YOU

Well-balanced General Agent's Contract providing liberal overwriting and liberal expense allowance.

PLUS

Friendly, effective Home Office assistance to help you in your Recruiting, Training, and Agency Building Program.

AGENCY-BUILDING OPPORTUNITIES in:
Alabama, Arizona, California, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Texas, Virginia, Washington, D.C., and West Virginia.

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Columbus 16, Ohio

Frederick E. Jones, President Fred C. Adams, Sup't. of Agents



Photo Subjects Of LIAMA Meeting



John S. Bickley, professor of insurance at University of Texas, Mrs. Dudley Dowell, and Executive Vice-president Dudley Dowell of New York Life.



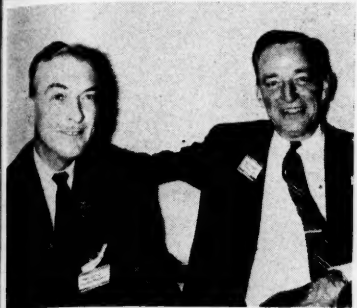
W. W. Hartshorn, superintendent of agencies of Metropolitan Life, and Sherman M. Southard, general manager of the district agencies department of Prudential at the Newark home office.



At the quality business committee meeting: Ann Bickerton, NALU director of field services, Harold Thorsvig, sales vice-president of National Public Service Life of Seattle, and Ellen Putnam, National Life of Vermont, Rochester, N.Y., trustee of NALU and chairman of its quality business (formerly conservation) committee.



Charles F. B. Richardson, associate actuary of Mutual of New York, and Harold J. Cummings, president of Minnesota Mutual.



Kenneth W. Cring, vice-president and superintendent of agencies, Pacific National Life, and Spencer R. Keare, president of Federal Life of Chicago.



Charles Johnson, assistant superintendent of agencies of London Life, retiring chairman of the LIAMA quality business committee, and William B. Cornett, Prudential's director of A&S insurance, chairman of the LIAMA A&S committee. Mr. Johnson was presented a scroll in appreciation of his 12 years on the committee, including nine years as vice-chairman and two as chairman.



President Davis W. Gregg of American College, Earl R. Trangmar, 3rd vice-president of Metropolitan Life, and Bernard S. Lyon, regional agency vice-president of Pan-American Life.



Harold Gardiner, superintendent of education and field training of Northwestern Mutual, Lawrence Jackson, Metropolitan Life's administrator of courses, Karl H. Kreder, 2nd vice-president of Metropolitan in charge of personnel, and John K. Luther, Aetna Life's director of training.

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NORTHEASTERN LIFE INSURANCE COMPANY OF NEW YORK

100 EAST PROSPECT AVENUE, MOUNT VERNON, N.Y.



Urges High Court Reversal Of Decision

(CONTINUED FROM PAGE 11)

also in conflict with the decision of the U.S. Supreme Court in *Pence vs. United States*, 316 U.S. 332, 81 L. Ed. 1510.

The brief makes quite a point of the appeals court's reliance on the prestige and reputation of Dr. Roosth. Says the brief on this point:

"Finally, in a rather desperate gesture to justify its position that in spite of the uncontroverted evidence, this case should have been submitted to the jury, the majority opinion con-

cludes with the argument that inasmuch as Dr. Roosth 'was a prominent and outstanding citizen in his community,' and that '... he was a man of means,' such facts negated the fraudulent acts that he perpetrated upon the petitioner.

'Very Remarkable Statement'

"Apparently epitomizing the basic reason why it was concluded by the majority of the court of appeals in the case at bar that a jury should be

permitted to render a verdict in this case, is the following very remarkable statement which is found in the concluding paragraph in the opinion of the majority:

"It is a rare case which would justify a finding that, as a matter of law, a man of character has stooped to the cheap fraud relied upon here. We think that it was error for the judge so to decide. The case, in all of its aspects, should be decided by a jury."

Millionaire Irreproachable

"Thus, we are inevitably driven to the opinion that irrespective of ap-

plicable legal principles and rules of procedure, the majority of the court of appeals has decided that a man accused of fraudulent acts may be acquitted of the consequences of the same by proof of his wealth and prominence. The natural inference to be drawn from such a statement as found in the majority opinion is that as a matter of law when a man becomes a millionaire, and a prominent citizen, he then becomes beyond reproach.

"Since when, may we ask, has come to be recognized as a legal principle that a man's integrity is measured by his wealth and social prominence? We respectfully submit to the honorable Supreme Court that it is unthinkable that such reasoning as the majority of the court of appeals has employed in this instance should be permitted to remain unchallenged.

Goes Against Precedent

"The only plausible explanation that can be given for the conclusion reached by the majority herein is that the majority concluded that under no circumstance or condition should an action of this nature be withdrawn from consideration of the jury. Such conclusion, of course, is out of harmony with long-established and well-recognized legal procedures."

The brief warns that if the opinion of the court of appeals is followed in this case, so that a life company can no longer expect to be protected against deliberate falsifications in applications for insurance, then a complete revision of the life insurance processes will become inevitable.

'Meaningless Words, Scraps Of Paper'

"If trial courts are denied the authority of direct verdicts in favor of life insurance companies in suits upon policies that have been procured through fraudulent misrepresentations by the insured, then applications for insurance will become but meaningless and useless words upon mere scraps of paper," the brief states.

"The ultimate consequences of such a drastic revision in insurance procedures will be most costly, not only to life insurance companies, but also to the millions of people who may desire to procure life insurance. Undoubtedly the additional cost of procuring life insurance under such conditions will be monumental, and necessarily the burden of such additional cost must be borne by the public who purchases the insurance."

Omaha Agents Hold Ladies Night

W. Walter Smith, Metropolitan Life, addressed a ladies night dinner of Omaha Assn. of Life Underwriters.

University National Life of Norman, Okla., has been licensed in Florida.



Are YOU the General Agent in YOUR Future?

OPPORTUNITIES

GENERAL AGENT—for strong, expanding New York domiciled mutual company with age and stability. Experienced Life Underwriter who wants to build an agency writing Life, Non-Can, Sickness & Accident, Group and Pension Trust.



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Harland L. Knight, Agency Vice President.

Yes, there's room on the way up for YOU!

Security Mutual's 73 years of service and growth means profitable careers for worthy young men. If you're between the ages of 25 and 45, really ambitious—with the initiative and mature judgment to back it up—consider this: Security Mutual gives you flexible, practical coverage in a multiple line...with a world of co-operation, service and dynamic sales helps, too!

We're worth investigating...get the facts, today! Write Harland L. Knight, Agency Vice President.

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Service Guide

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Ralph F. Colton

30 N. LaSalle St. Chicago 2, Ill. Financial 6-9792

Urges Reselling Industry On Life Insurance

(CONTINUED FROM PAGE 5)

and rules of the company that a man's wealth may be inferred from his statement as to his own life insurance. But you wouldn't be human if you haven't asked certain questions of yourself in recent years. I know I have asked myself questions—but I also have found some answers that I would like to share with you—although I am sure that for the most part they are answers that most of you have already found for yourselves."

Compares Stocks, Life Insurance

After making a comparison of building up a fund by life insurance and by common stock accumulation, along the lines given in his talk at the New England area management conference last May and reported in detail in THE NATIONAL UNDERWRITER, Mr. Hutchinson contrasted the chances of completing one program as against the other and continued:

"Despite the safeguards provided by life insurance—cash values, extended insurance, and so on—despite the fact that in time of need and in the most difficult of circumstances the last thing a man gives up is his life insurance—the lapsation is still heavy. We all know of the sacrifices men make to keep up their life insurance."

Life Experience Of '30s

"We saw dramatic evidence of this in the '30s—the last savings ever to be relinquished were the savings represented by life insurance. How much heavier is the lapsation likely to be with common stocks program, where there are no such special provisions as are afforded by life insurance—and particularly, no such bonds of sentiment to maintain the program in force."

"When we consider the time element—when we consider a span of time on the order of 20, 25 and 30 years necessary for the average man to mature a common-stock program, if he can mature it at all—and when we consider along with it the hazards, we see that for the purposes of life insurance, common stocks just cannot, possibly be a substitute."

Few Will Achieve Goal

"Mortality, disability, fallibility—death, incapacity, lapsation—take such a heavy toll that few men indeed can be expected to achieve a common stock goal. With mortality, depending on age and duration ranging anywhere from 20 to 50% or more over periods of 20, 25, and 30 years; with disability at 3 or 4%, and with lapsation at 50% or more, the number starting such programs and completing them may be expected to be very few indeed."

"In fact, it is only when we take into account all factors bearing on this problem of security that we realize what a truly remarkable facility—what an extraordinary service—we have in life insurance. There really is no other service at all comparable in its effectiveness in bringing security to men and their families, despite life's vicissitudes, economic hazards, and human frailties. The great service we can render is to bring that figure for the average amount of life insurance owned by the average man—\$10,000 or \$11,000—up to something like it ought to be. . . ."

"The certainties in life insurance, on the one hand—with its guaranteed values and instant availability—and, on the other hand, the uncertainties of common stocks, with their absence

of guaranteed values—make the two incompatible. They represent two such different approaches to the problem of preparing for the rainy day as to make untenable the idea that any one man could, with conviction, sell both."

"As a matter of fact, we have enough to do in seeing to it that our public buys all the life insurance it needs. Despite the prosperity we currently enjoy, our average man today owns life insurance in an amount equivalent to only about two years of income. Our outlay for premiums for life insurance is approximately \$11 billion annually. This compares with an outlay of about \$25 billion annually for liquor, tobacco, cosmetics, and having a good time in one way or another—such as travel, and so on. We still are spending 2½ times as much for the luxuries as for life insurance."

"It would seem to me we still have a big job to do—so let's do it."

John Hancock 'Family Day' Draws 13,000 Bostonians

Some 13,000 people from the Boston area, family members of John Hancock employees, were entertained at the home office during the company's fourth "Family Day."

The program, which ran from two to six p.m., included balloons and lollipops for the children, clowns, a hurdy-gurdy man with monkey and continuous movies in John Hancock Hall. Department members greeted families in their own work areas, served refreshments and introduced them to fellow employees.

Visitors were given the chance to visit most of Hancock's two buildings, including offices, UNIVAC and IBM systems, the Hancock historical room and observation areas on the 26th floor. Company officers and their wives, including Byron K. Elliott, president, and Mrs. Elliott, greeted families in the main lobby.


Shenandoah Life's ordinary sales in the first three quarters of 1959 totaled \$27,697,195, a 22% gain. Gain in insurance in force in the nine months is 35% ahead of the same period in 1958.



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WRITE . . . DIHL H. LUCUS—Director of Agencies. All we ask is the opportunity to give you the facts. The State Life offers tremendous opportunities in many states with an agency building contract that's unsurpassed.

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For Modern Woodmen Life Insurance
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Each year more Americans plan their future financial security through investing in Modern Woodmen life insurance. They know that Modern Woodmen means modern life insurance.

MODERN WOODMEN
OF AMERICA
Home Office --- Rock Island, Illinois

United Benefit Life Attains \$2 Billion

United Benefit Life has reached \$2 billion of insurance in force, joining 48 other companies which have attained that figure.

The company expects to reach \$325 million of assets by the end of this year. This would be almost double the assets listed in 1952.

Slichter, Tobin In 25-Year Club

Donald C. Slichter, president, and Howard J. Tobin, vice-president, of Northwestern Mutual Life, were among the 42 employees of the company who were inducted into its Quarter Century Club, which now has a membership of 524 active and retired employees with 25 years or more of service.

Massachusetts Mutual's new group business during the first nine months totaled \$154,372,000, a 33% gain, and estimated annual premiums on new business was nearly \$13 million, an increase of 55%.

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—
LIFE EDITION

ACTUARY

The associate or fellow who takes this position will move from fourth or fifth place with present connection to first place in his profession with our organization. He will be in a position to advise management on agency and accounting matters.

Please write in confidence and include details on background, experience and salary requirements. Send your reply to:

Harry T. Dozor, President
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Marvelous opportunity for young man to join a fast growing life company with Ordinary, Weekly Premium, Group, Industrial H & A coverages. This is an opportunity of a lifetime. Very attractive salary to the person who can qualify. Some formal actuarial training and some experience necessary. Please reply, in confidence, giving a summary of your experience and personal background to Box K-27, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ASSISTANT ACTUARY

Opportunity for young man to join a fast growing Southeastern life company writing Ordinary Life, Weekly Premium Life and Accident & Health. Attractive salary. Some formal actuarial training and some experience necessary. Please reply, in confidence, giving summary of your education, experience and personal background to Box K-74, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Our nationwide brokerage firm has an opening in our Chicago office for an energetic, young man with two or three years of experience in handling Group Insurance and its allied coverages. Salary is open. Interested applicants please forward complete resume to Box K-62, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

LIFE AGENCY—HAWAII

Career group seeking General Agency in 50th State. NQA winners with ten years Life and A&S sales. Two million first year potential. Records and references available. Write Airmail to GENERAL AGENT, P. O. Box 1771, Honolulu, Hawaii.

Early Announcements Of 1960 Dividend Scales

Name of Company	Current Policies	Old Policies	Funds Left With Co. Non-withdraw-able	With-draw-able	Accum. Div'ds	Name of Company	Current Policies	Old Policies	Funds Left With Co. Non-withdraw-able	With-draw-able	Accum. Div'ds
All Amer. Assur.	Same as '59	Same as '59	3	3	3 & 4	Life & Cas., Tenn.	Same as '59	Same as '59	2.5	2.5	
American Bkrs. Tex.	"	"	2.5	2.5	2.5	Loyal Prot., Mass.	11% to 12% Incr.	Approx. 12 1/2% Incr.	3.5	3.5	
Amer. Capitol, Tex.	"	"	3	3	3						
Amer. Fam. Life, Wis.	"	"	2	2	3.25						
Amer. Income, Ind.	Approx. 1% Incr.	"	2	2	3	Maccabees	Same as '59	Same as '59	3	3	
Amer. Mut. Life, Ia.	Same as '59	Same as '59	3	2	3.25	Manufacturers, Can.	"	"	3.5	3.5	
Atlantic Natl., Ala.	"	"	3	3	2.5	Massachusetts Mut.	"	"	3.4	3.4	
Baltimore Life	"	"	3	3	3	Midwestern United	"	"	3	3	
Bankers Mutual, Ill.	"	"	2.5	2.5	3	Modern Woodmen	Approx. 11% Incr.	Approx. 11% Incr.	4.25	4.25	
Bankers Natl., N.J.	"	"	3	3	3	Mutual Life, Can.	Same as '59	Same as '59	2.5	2.5	
Bankers Union, Colo.	"	"	2.5	2.5	4						
Beneficial, Utah	"	"	3	3	3	Natl. Farmers Union	Same as '59	Same as '59	3	3	
B.F.A.E.	"	"	3.35	3.35	3.35	Natl. Guardian, Wis.	"	"	3.35	3.25	
Berkshire	"	"	3	3	3	National Life, Vt.	"	"	3	3	
Cal.-Western States	"	"	3	3	3	National Travelers	(d)	Approx. 4% Incr.	3.65	3.65	
College Life, Ind.	"	"	3	3	3	New England Life	Approx. 8% Incr.	Adjusted	3	3	
Columbus Mutual	"	"	3.25	3.25	3.25	Northern Life, Can.	Same as '59	Same as '59	(f)	(f)	
Commercial Life, Ariz.	"	"	2.5	2.5		Occidental Life, Cal.	"	"	2.5&3	3	
Connecticut Mutual	"	"	3.6	3.6	3.5	Olympic Natl., Wash.	"	"	3.3	3.3	
Continental American	"	"	3	3	3	Pacific Mutual	"	"	2.5	2.5	
Continental Assur.	Approx. 60% Incr.	Approx. 60% Incr.	4	4	4	Pioneer Mutual, N.D.	"	"	2.5	2.5	
Cuna Mutual	Same as '59	Same as '59	3.5	3.5	3.5	Pioneer Western, Ark.	"	"	2.5	2.5	
Dominion Life, Can.	"	"	3	3	3	Praetorian Mutual	"	"	3	3	
Equitable Life, Ia.	Same as '59	Same as '59	3.25	3.25	3.25	Presbyterian Ministers'	"	"	(b)	(b)	
Farm Bureau, Mo.	Increased	Increased	2.75	2.75	2.5	Provident Life, N.D.	"	"	Not yet determined		
Farm Family, N.Y.	Same as '59	Same as '59	2	2	3	Republic National	"	"	3	3	
Farmers & Traders	Same as '59	Same as '59	Guar.	Rate	3	Richmond Life, Va.	"	"	2.5	2	
Fidelity Union	"	"	3	2.5	4	Shenandoah Life	"	"	3.25	3.25	
First American, Tex.	"	"	2.5	2	3	State Farm Life	Approx. 19% Incr.	Approx. 28% Incr.	3.25	3.25	
General Life, Wash.	"	"	3.25	2.75	3.25	State Life, Ind.	Same as '59	Same as '59	3	3	
Gibraltar Life, Tex.	"	"	(e)	(e)	3 & 3.5	Union Labor Life	"	"	3	3	
Golden State Mut.	"	"	2.5	2.5	2.5	Union Mutual, Me.	"	"	3.25	3.25	
Govt. Personnel Mut.	"	"	2.5	2.5	3	United Security, Ia.	"	"	3	3	
Great Northwest	"	"	4	4	3.5	Victory Mut. Life	"	"	2.5&3.5	2.5&3.5	
Great States Mut.	"	"	2.5&3.5	2.5&3.5		West Coast Life	"	"	3.25	3	
Great-West Life, Can.	"	"	3.55	3.55	3.55	Western & Southern	"	"	3	3	
Hoosier Farm Bureau	"	"	3	3	3	World, Nebraska	"	"	3	3	
Jefferson National	"	"	Guar.	Rate	3						
Knights of Columbus	New Scale	Approx. 40% Incr.	3.5(c)	3	3						

(b) Instalment settlements 3.5%; funds at interest, 4%.

(c) Non-withdrawable dividends.

(d) Practically unchanged on low premium plans; some increases on high premium plans.

(e) 2.5% on interest only and life income options; 3% on period certain options.

(f) Policy proceeds payable in instalments, non-withdrawable or withdrawable, guaranteed rate; interest income rate, 3% or guaranteed rate if higher.

Illinois Lawmakers

Debate Compulsory

Cash Sickness Bill

(CONTINUED FROM PAGE 2)

would be whittled down and everybody would be included.

Rep. Hoover cited a number of states which have rejected similar bills and said there has never been public sentiment in favor of this legislation. Rep. Mikva replied that the lack of public clamor does not mean that there isn't any need.

Rep. Burks said it is always the contention of sponsors that this type of legislation is for the good of "health, morals and welfare of the public," and it is easy to logically argue that any bill does this. Following this premise, it would not be illogical to conclude that a law compelling church attendance would be to the same benefit.

The one-week waiting period provided by the bill, he charged, was an "invitation to malingering." He said just as soon as the week was up, people would be claiming benefits all year because "rocking chair money appeals to people more than hard work."

Would Help Maintain Economy

Rep. Scario explained the bill would not put the state in the insurance business, because people would still buy from private insurers. He said social welfare bills of this type help maintain the economy, and very recently helped prevent the recession from becoming a depression.

Mr. O'Connor wondered why private health insurance is considered inadequate for failing to cover everyone when social security doesn't. He feared that with the enactment of compulsory insurance, people who now have private plans would drop them in favor of the state program.

The opposition devoted much attention to the effect that compulsory insurance would have on business and on employer-employee relations. Rep.

Burks thought that the tax on employers to finance the plan would ruin the favorable tax climate of the state. Compulsory insurance "takes away from the bargaining table an issue that properly belongs there," Rep. Hoover argued, and Mr. O'Connor felt that the good will created by employers when they provide voluntary programs would be destroyed under a state plan in which the employee knows his boss must contribute.

Dr. Dooley Receives Mutual Of Omaha's C. C. Criss Award

Dr. Thomas A. Dooley, famed jungle doctor of southeast Asia, received the \$10,000 Criss award of Mutual Benefit H&A. at ceremonies attended by 2,000 at Omaha. The award was given for outstanding contributions in the field of health and safety, and jointly making the presentations were V. J. Skutt, president and chairman of Mutual of Omaha, and Dr. Charles Mayo of the Mayo Clinic and chairman of the award's board of judges.

Dr. Dooley is known for his work among the medically underprivileged people of Laos, and he has devoted five years in working with the people of the Far East.

Bob Considine, veteran newsman, was master of ceremonies of the program which contained a synopsis of the life and work of Dr. Dooley. Dancer Fred Astaire was also honored for his contributions to the field of wholesome entertainment. He received the Mutual of Omaha achievement award.

The Criss award was established in 1950 as a memorial to Dr. C. C. Criss, founder of Mutual of Omaha.

Peoples Life of Washington has declared a 15-cent a share dividend payable Dec. 11 to stockholders of record Nov. 27.

Supreme Court Will Consider 'Premium Payment Test' Case

(CONTINUED FROM PAGE 4)

to recognize that there does not have to be a "transfer" at death in a strict and technical sense to justify the estate tax.

"Since life insurance is by its nature closely related to a testamentary disposition, the proceeds of insurance on the decedent's life can be taxed where he has paid the premiums even though he retained none of the incidents of ownership," the IRS brief said.

The brief likened the situation to one where a transfer is made in contemplation of death or with reserved right to revoke with the consent of a beneficiary.

"In such cases," the brief said, "it is settled that the transfer is taxable because it is a substitute for a testamentary disposition."

Closely Related Rulings

Mr. Longley's executor, on the other hand, argues that the district court judgment should be affirmed on the ground that the Supreme Court already has ruled upon this issue in closely related cases, when it held that the beneficiary of a life policy cannot be held liable, so far as the proceeds are concerned, for federal income taxes owed by the insured at the time of his death.

The estate tax is a tax on the transfer of assets, the executor says in its brief, and "obviously under the authority of the Bess case there was no transfer of the proceeds of this insurance."

Monarch Premiums Gain \$2,447,346

Monarch Life's premiums for the first nine months increased \$2,447,346 while total sales for the period were \$36,127,805. A&S premiums were increased \$1,422,416 during the nine months.

Plumley Asks Quick Action On Five Needs In Life Company Income Tax

(CONTINUED FROM PAGE 1)

man among the panelists, though there are two other papers on the taxation of life companies.

In appealing for a long-term open-minded attitude, Mr. Plumley said the application of this law may prove unlooked for and unwanted results.

Of the five particular needs that he discussed in his paper, Mr. Plumley said: "I assure you that in these areas action soon is requisite."

The first of these specific needs arises under phase 2 of the present law, he said, in connection with the provision for the deduction of 2% of premiums for group life and A&S.

Offset Lack Of Spread

"It was said that this deduction was included to build up reserves in an area where the spread of risk might be less than in individual policies," he said. "This was a prudent provision. In this area there is no difference in basic premium structures between stock and mutual companies, so the objectives of safety which this 2% reserve was to accomplish should by all means be retained and applied equally to stock and mutual companies."

"Yet we find the direct opposite can be true. Because of the limitations of section 809(f) in computing the phase 2 tax base, that which we were given permission to reserve in one subsection of section 809 we are denied in another subsection of section 809, except to the extent of \$250,000. It is absolutely necessary to provide that this special and prudent reserve be subtracted from any tax base otherwise calculated if it is to have full force and effect."

"Second, the testimony of the originators of the legislation and the commentary thereon is replete with the recognition that the unfair discrimination against insured pension plans and in favor of trustee plans be removed. Part of this discrimination has been removed insofar as taxing the income from the body of the fund, but no provision was made to treat capital gains with similar equity."

"In this same field the funds of the individual annuitant or the person who receives his insurance benefits in installments (so-called supplementary contracts with life contingencies) has given no recognition at all. Individual annuities, including supplementary contracts with life contingencies, should be given similar treatment to that accorded qualified pension plans."

Treatment of capital gains on these

reserves should also be treated equitably and be excluded from taxation. These changes would also remove the double application of taxes on investment income earned for annuitants. Individual thrift is in the American tradition and to fail to give the same fair consideration to the individual as a single purchaser which he would receive in a group is a fault which I hope you will correct.

"Third is the matter of discriminatory treatment against dividends contained in the computation of the phase 2 tax base. Now that the heat of the struggle has passed, a rereading of the testimony offers convincing evidence that justice demands that this situation be corrected."

"Dividends are an adjustment in price. This was apparently re-established in the testimony at the hearings as it has been previously in the courts. They are a return of a person's own money. There appeared but one reservation which was repeatedly examined: Is any part of this money a profit from investment income and not a price adjustment? Mr. Lindsay of the Treasury said perhaps 10% was, although he conceded that to identify it was difficult."

"Others contended none was—still others said it could at the most be the incremental investment income for one year on the excess premium that could be allocated to investment. In order to progress the legislation and to rid the industry of the gross inequities of the 1942 law, my 'mutual' colleagues at that time agreed to a compromise that was liberal in the extreme."

52% On Own Money

"As you know, the law disallows that portion of dividends disbursed that reduces phase 2 net gain below phase 1 taxable investment income (except to the extent that the \$250,000 may apply) and thereby creates the so-called negative. Even though the net effect of this disallowance is a 52% tax on the return of a policyholder's own money, many mutual companies, in order to eliminate any possible vestige of freeing investment profit from tax, agreed to the deduction of only 50% of the negatives."

Mr. Plumley said he subscribed to that theory but "immediate steps should be taken to progress toward this goal." He said it is not a matter that pertains only to large mutual companies or small mutual companies, but to all of them. Calling it "a gross inequity," he quoted a statement by Albert L. Hall, vice-president and



New officers of Illinois Leaders Round Table elected at the annual luncheon of the group held during the Peoria sales congress and midyear meeting of Illinois Assn. of Life Underwriters. From left: Kenneth A. Mullins, Great-West Life, Chicago, retiring president; Oliver F. Little, Home Life, Chicago, 1st vice-president; Auburn C. Lambeth, assistant director Purdue Institute, the speaker; Max L. Riseman, Metropolitan Life, Springfield, 2nd vice-president; J. Kenneth Elliott, Northwestern Mutual Life, Kewanee, president; Lee E. Gleasner Jr., Massachusetts Mutual Life, Chicago, and Frank M. Van Auken, Massachusetts Mutual, Peoria, both directors, and Walter O. Richard, John Hancock, Springfield, chairman of the nominating committee.

general counsel of Berkshire Life, before the Senate finance committee last March, showing that by the operation of the provision he was complaining of, Berkshire's tax rate on its gain from operations became not 52% but 66%.

In the same way, said Mr. Plumley, State Mutual's rate of tax on its gain from operations becomes 66% rather than 52%.

"This is a matter which will arise again and again," he said. "No legislation can be deemed permanent in nature which has such a gross inequity to policyholders."

The fourth point that Mr. Plumley said needs immediate action is the right to deduct bad loan losses from ordinary income, as is permitted banks and small-loan companies and others.

"There is no provision in the present law according us similar treatment," he stated. "Normally, these losses are of a long-term nature. Our only normal recourse is to offset them against long-term gains, if any such gains exist. My company has been active in financing small companies, with the consequent assumption of higher risk. Unless we are granted equal treatment in this respect it will tend to inhibit our willingness, and undoubtedly other insurance companies, to finance such companies in the future."

Mr. Plumley's fifth and final point dealt with the matter of full deduction of the interest from tax-exempt securities. He pointed out that the law as enacted contains the following:

Provides For Adjustment

"Sec. 804 (a) (6). Exception.—If it is established in any case that the application of the definition of taxable investment income contained in paragraph (2) results in the imposition of tax on (A) any interest which under section 103 is excluded from gross income, (B) any amount of interest which under section 242 (as modified by paragraph (3)) is allowable as a deduction, or (C) any amount of dividends received which under sections 243, 244 and 245 (as modified by paragraph (5)) is allowable as a deduction, adjustment shall be made to the extent necessary to prevent such imposition."

"This subsection," said Mr. Plumley, "was included after the hearings were completed."

"In applying the tax to my own company it was found that certain ambiguities exist. Under some interpretations such as in form 1120L (1958) it appears that tax-exempt income produces a higher tax on taxable

income. It was the intent of Congress to preserve the status of tax-exempt income. The law needs to be clarified on this point."

"The total effect of these changes could be phased in with the growth of the business so as not to decrease the income year by year to the Treasury. Any statistics or information in support or explanation of this testimony will be furnished as the committee desires."

Other compendium papers dealing with life insurance taxation are "The Tax Treatment of Life Insurance," by George E. Lent, visiting professor of business economics and director of research of the Amos Tuck school of business administration of Dartmouth College, and "Tax Treatment of Insurance Companies," by Roy E. Moor, assistant professor of economics at Williams College. The three other papers on insurance deal almost exclusively with its fire and casualty aspects.

Springfield Life Is Incorporated In Vt. Directors Are Named

Springfield Life of Brattleboro, Vt., has been incorporated as a wholly



Frank S. Vanderbrouk

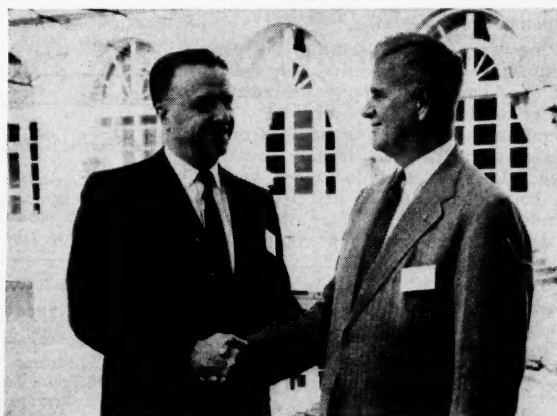


S. Dwight Parker

owned subsidiary of Springfield-Monarch group following authorization by Springfield F.&M. stockholders and a public hearing held by Commissioner Miller of Vermont.

S. Dwight Parker, president of Springfield F. & M., and Frank S. Vanderbrouk, president of Monarch Life, have been elected chairman and president, respectively, of Springfield Life. The bylaws provide that Mr. Parker will be chief executive officer and Mr. Vanderbrouk chief operating officer.

It is expected that after comparable provisions have been made in the bylaws of Springfield F. & M. and Monarch at the 1960 annual meetings, Mr. Parker will become chairman and Mr. Vanderbrouk president of all Springfield-Monarch companies.



ACTUARIAL PRESIDENT: Pearce Shepherd, left, president and outgoing president of Society of Actuaries, congratulates his predecessor, James Hoskins, at the annual meeting of the society at White Sulphur Springs. Mr. Hoskins retired this year as 2nd vice-president and actuary of Travelers.



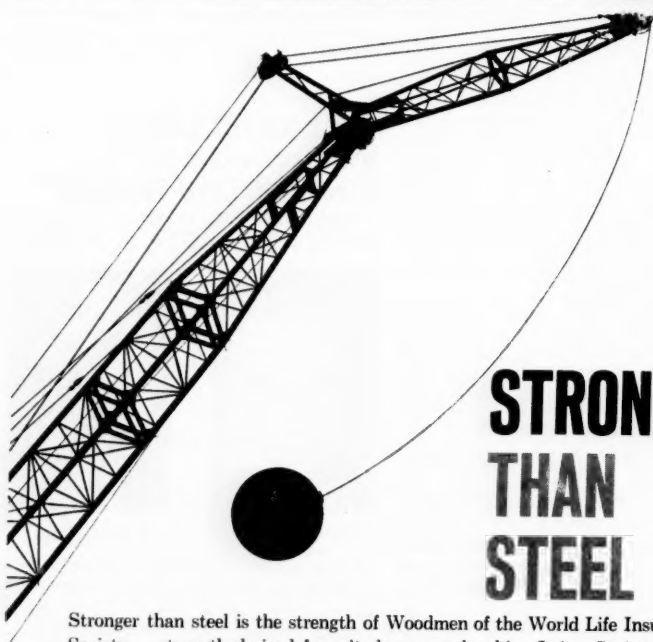
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for the man
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Wood Says Lower Premium Per \$1,000 Is Consistent With Industry Aims

(CONTINUED FROM PAGE 1)

tive—if any of the following were the result:

—The individual policyholder was saving less money in life insurance.

—The individual policyholder was merely purchasing the same size policy for less money—meaning that his real over-all protection was not being increased but rather decreased.

—The agent was earning less money.

—The manager or general agent was being hurt financially.

—The investment department had less premium income to invest.

—The companies' margins were being affected.

—The nation was being hurt as a result of less new permanent life insurance purchases either in volume or in premium when related to disposable personal income.

Premium Per Sale Rose \$70

However, none of these possible adverse factors seems to be present, said Mr. Wood. Instead, the average premium per sale increased from \$201 in 1949 to \$271 in 1956. (In 1957 and 1958, as a result of the family plan, it decreased to \$262 and \$253.) But the increase from 1949 to now is \$52 per sale, or 26%. Level premium term, decreasing term and family income type riders have not increased proportionally during the past 10 years. During the last two years, solely because of the term portion of the family plan, the proportion of term insurance is up four percentage points over that of 10 years ago. The family plan, "whether good or bad," has resulted in a larger volume and a lower average premium.

"But this in itself," said Mr. Wood, "is not a reason for criticism in the perspective of our purpose, whereas improper methods of selling it may well be subject to sound criticism."

Average Policy Almost Doubled

The average policy per male adult sale went from \$6,730 to \$12,640.

"It is difficult to see how the agent can have been hurt when two factors are considered," said Mr. Wood. "First, the rate of commissions is higher on low-premium permanent plans than on high-premium plans, and second, the number of premium dollars per sale is up 26%."

"The manager or general agent whose compensation and expense allowance are based on either agency premiums or commissions is not hurt, but on the contrary to the extent that compensation or allowances may be based on volume, may actually be benefited."

Depends On Pay Basis

"Inasmuch as the premium per sale is up, the companies may be better off, because most companies would prefer to have a \$100 ordinary life premium than the same amount on a limited-payment plan, if only because they will receive it for more years. (A company could be affected if its compensation plan and/or allowances to agencies are based on volume instead of premium.)

"But the most telling reason why everyone may be better, rather than worse off during this period—nation, industry, investment department, field force and the public—lies in the fact that new ordinary premium income of the industry has grown year by year, both absolutely and as a proportion

of the national disposable personal income.

"Disposable personal income has creased every year that we are considering. In 1951 it amounted to \$10 billion, while in 1958 it was \$31.6 billion, an increase in these eight years of 39%. New ordinary premiums the entire industry amounted to \$1 million in 1951. They, too, increased every year but the last, amounting \$1,094,000,000 in 1958, an increase of 80%."

During this period, while the average premium has been declining, the ratio of first-year ordinary premium as a percent of disposable personal income increased from 0.27 of 1% to 0.35 of 1%, a truly remarkable increase, and perhaps the most telling fact of all.

"So what? Is it possible that we have identified a problem for the industry that isn't there? That being concerned with this has obscured

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truly outstanding performance in that the industry has actually lowered the price of its product and has fulfilled its purpose to an increasingly greater degree year by year?

"The lesson is that when we try to solve problems which aren't there, we are kept from tackling some very great problems which do keep us from achieving our purpose, as for example, What can we do to sell more protection of some kind to our increasing population over age 45?

"This may cause us to study more what the buyers want, what he needs, what will motivate him. It may lead to either new or changed products for this over-45 market. We will know whether we are on the right track as an industry if we will always look at our proposed course of action in terms of our over-all purpose.

Gives Personal Opinions

"In concluding, two personal comments of opinion: I have never at any time in my life been more optimistic as to the next decade for our industry than right now, and I have never been so certain that LIAMA, which you own and control, can be and will be one of the most profitable investments of the industry."

Mr. Wood emphasized that when

major questions or problems arise, "we will always be on safer ground if we work back from method, through policies, to the ultimate purpose." Warning of the need to keep the morality of business in mind at all times, he said:

Cites Replacement Problem

"Many of us came into this business at a time when a replacement of a \$5,000 policy was serious enough to result in diplomatic negotiations between officers in the two home offices concerned. Trading policies costs the public money, yet does nothing to further our purpose, which is an increase in permanent protection.

"Looked at solely from the point of view of our purpose, switching a policy to the detriment of a policyholder, is worse than switching an agent to the detriment of a given company. But if one leads to the other, it should be fought hard and in the open—because a company has no right to be timid and silent at any action which negates our only purpose for existing as an industry."

The part of Mr. Wood's talk in which he announced the joint consumer-attitudes survey of LIAMA and Life Underwriter Training Council was reported in last week's issue.

Aetna Life Raises Upper Age Limits To 75, Eases Other Underwriting Rules

Aetna Life has increased from 70 to 75 the upper age limit at which coverage will be issued, and will now issue its non-participating ordinary life, limited pay life and endowment policies at the new ages with minimum face amounts of \$5,000.

The increase is one of a number of liberalizations in the company's underwriting practices. For example, Aetna will issue substantial amounts of insurance in areas which formerly were restricted, and will no longer follow specified limits in these classifications. Among areas affected are substandard classes, certain medical impairments, other special risks such as aviation hazards, certain age brackets and certain plans of insurance.

In disability insurance, Aetna will now consider this coverage at substandard rates on all plans for which

\$4,460,000 New Business Is Tally Of Shenandoah President's Month Drive

Paul C. Euford, president of Shenandoah Life, was honored at a luncheon celebrating his 20th anniversary with the company, which also marked the end of a president's month sales campaign. The sales drive resulted in more than \$4,460,000 in new business, a company record.

Shenandoah sales for the first 10 months are 22% ahead of sales for the same period last year and October sales exceeded the company's best previous month by \$300,000.

standard disability has been available, except family and one-year term plans.

Also, the non-participating five-year convertible term policy is being made available to persons rated substandard class D, in addition to the first three substandard classes previously underwritten.

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
Beneficial THOUGHTS

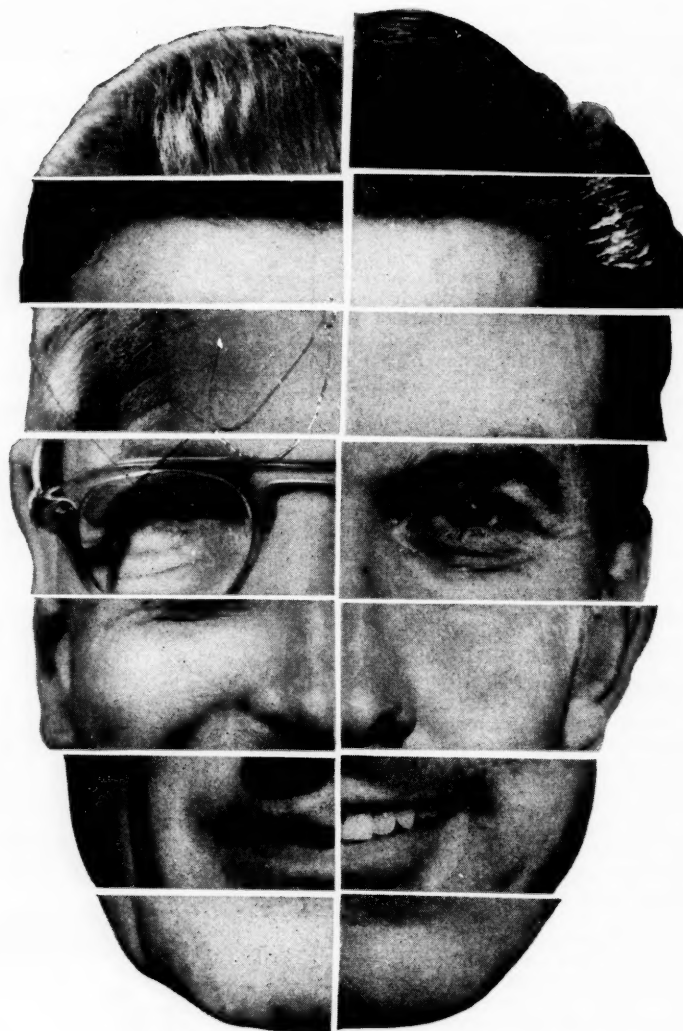
*Success thinks in terms of giving,
not getting. The businessman who
thinks only of returns soon finds
himself without friends among his
prospects and customers.*

* * *

*Beneficial thought for those of us
in the Business of Life Insurance.*

BENEFICIAL LIFE

Insurance  Company
Virgil H. Smith, Pres. Salt Lake City, Utah



A composite picture of success

This combination of photographs symbolizes the more than 450 qualifying members of the Leaders Association, New England Life's organization of top salesmen. They have diverse appearances and personalities, come from different backgrounds, employ a variety of selling methods. Yet all of these men have a common base on which their success has been founded: belief in their product.

Our Average Leader* believes so strongly in what he sells that his own life is insured for \$96,950! And his enthusiasm and ability led to a personal income of over \$20,000 average (\$15,000 median!) last year, through sales of more than a million dollars of life insurance. The average size of the 51 policies he sold was \$22,523 — four times the national average of the industry.

*Based on the 275 returns received from a survey of the entire qualifying membership.

Forty years old, a college graduate, a family man with a wife and three children — Mr. Average Leader is an unusually hard-working and independent businessman. And he firmly believes that his sales and income will be even better this year. They undoubtedly will; the Leaders of New England Life have a habit of getting what they go after.

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